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FT No. 31,261 THE FINANCIAL TIMES LIMITED 1990

World News

#### Gorbachev **Elders IXL** rejects call by makes record Solzhenitsyn A\$1.3bn loss after write-off

on new state President Mikhail Gorbachev firmly rejected the call by the writer Alexander Solzhenitsyn for the dissolution of the USSR and the creation of a Slavic state, but praised the former exile, describing him as "without doubt, a great man".

De Klerk pledge President F.W. de Klerk said

for the first time he was will-ing to accept the idea of one man, one vote for South Africa as long as any new system con-tained firm guarantees for the rights of minority groups and that there could be a majority of blacks in official and public positions and a black prime minister.

Caste row rages V.P. Singh, India's prime min-ister, is under pressure to

reverse the government's deci-sion in August to reserve jobs for low-caste people, as vio-lence by student protesters escalated sharply in New Delhi and other areas. Page 5

Anti-Mafia moves

The Italian government is pre-paring fresh measures to strengthen the anti-Mafia efforts of police and magis trates after an extraordinary call to arms by President Francesco Cossiga. Page 8

Bank's poverty plea World Bank president Barber Conable urged the international community to make as big an effort combating pov-erty as it had in dealing with the Gulf crisis. Page 4

Bhutto charges

Pakistan's interim rulers extended their legal challenge against the family of former Prime Minister Benazir Bhutto by filing fraud charges against her husband and father-in-law.

Cuba job crisis

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Cuban President Fidel Castro said that an economic crisis on the island could result in hundreds of thousands of unemployed workers in the capital Havans. Page 4

Bangkok fireball

At least 44 people were killed and more than 100 injured in Bangkok when a truck carrying liquefied petroleum gas crashed into a line of cars and exploded. Page 7

Soviets back plan The Soviet Union enthusiastically endorsed a joint Spanish and Italian proposal to create Security and Co-operation in the Mediterranean. Page 8

Andorra reform

Andorra, a tiny state on the French Spanish border where strikes are banned and more than three-quarters of the population are classed as foreign-ers and not allowed to vote, is about to draw up its first

Vietnamese foreign minister Nguyen Co Thach will meet US secretary of state James **Baker in New York on Friday** for the first such high-level meeting since the Vietnam

Strike hits markets Domestic and foreign banks in Athens are running short of money as the general strike in Greece enters its 17th day.

**Dominicans on alert** Security forces in the Domini-can Republic have been put on alert to deal with expected outbreaks of violence during a three-day strike which begins

Poachers arrested Tanzania has announced the arrest of 2,500 poachers and the seizure of 11,000 weapons and 3,000 elephant tusks in a two-year anti-poaching cam-

# **Business Summary**

ELDERS IXL, John Elliott's troubled brewing, farming and finance conglomerate announced a loss of A\$1.3bm (\$1.08bn) for the year to June 30, after writing off A\$1.64bn in abnormal and extraordinary losses. The result was Australia's biggest loss yet. Page 21; Lex, Page 20

MARKETS: Tokyo: Nikkei fin-ished with a loss of 418.51 at 23,359.32, after a day's high of 23,762.03 and a low of 23.218.50. Frankfurt: DAX index closed 62.65 lower at 1,353.40 - its lowest point in 16 months. Wall Street: At mid-session the Dow Jones Industrial Average was quoted 15.84 higher at 2,468.81. Back Page, Section II

**NEWS Corporation: Shares** in Rupert Murdoch's News Corporation fell to a three-year low in Sydney amid concern about group's debt and sugge tions that it might withdraw from Australian Stock Exchange, Page 21

US economy slowed to a virtual halt during the summer, with revised Commerce Department figures showing growth down to an annual 0.4 per cent in the April-to-June period. Page 20

**GUINNESS trial: Ernest Saun**ders will not face trial in the second part of the Guinness prosecution due to begin in January. The fourth Guinnes defendant, Sir Jack Lyons, was fined £3m (\$5.6m) for his part in the affair. Page 20

TOTAL-CFP, French state-controlled oil group, reported a decline in first half net profits from FFr1.9bn (\$365m) to FFr1.3bn. Page 21

ALCOA. US aluminium company, and Japanese metals producer Kobe Steel have announced a joint venture to produce aluminium can stock in Japan and to develop alu-minium products for the auto-motive industry. Page 20

RAY MacSharry, European Community's ferin commis-sioner, promised that "neither stocks nor budgets" would be allowed to get out of control. Page 31

RRIAN Britton, deputy chief executive of Irish beef process

ing group Goodman International is to leave the company. ACER, Taiwan's biggest producer of personal computers, is to establish a European

manufacturing presence, cost ing \$30m-\$50m by the end of 1991. Page 23 TARMAC, UK's largest house-

builder, announced pre-tax profits down by more than a third from £153.8m (\$289.1m) to £97.8m in the first half Page 21; Lex, Page 20

CANANEA: The privatisation award of Mexico's state-owned copper company to Grupo Industrial Minera Mexico in alliance with ASEC-Union Minière of Belgium faces a last-minute challenge from Sintemex consortium. Page 23

SA BREWING Holdings said its US and Australian finance arms have signed a \$200m Eurocommercial paper programme in Hong Kong.

FLETCHER Challenge ended its long-standing involvement in New Zealand's fishing indus try with the sale of deep-water operations for NZ\$139m (\$36.9m) to Carter Holt Harvey.

SOVIET Union is looking for foreign partners to help it laumch cellular communications services across the coun-

SWEDEN won a judgment against US anti-dumping prac-tices from a Gatt disputes panel, which decided that the US should revoke anti-dumping duties on certain stainless steel imports and reimburse duty already paid. Page 3

# Shevardnadze warns Iraq on UN right to use force

Wednesday September 26 1990

international community to take military action if peaceful pressure to persuade it to withdraw from Ruwait fails, Mr Eduard Shevardnadze, the Soviet foreign minister, said

yesterday.
Addressing the United
Nations General Assembly
before a crucial Security Council vote on the extension of sanctions against lead to air traffic, Mr Shevardnadze warned that war might break out in the Gulf region "at any

lraq, meanwhile, yesterday welcomed Monday's speech to the UN by Mr François Mitterrand, the French president, in which he proposed a four-stage plan for peace in the Gull.

An Iraqi government spokes-man quoted by the country's official news agency, INA, praised the speech as "non-ag-gressive" and embraced it as an attempt to "find solutions to regional problems".

Mr Mitterrand insisted in his speech that Iraq withdraw from Kuwait, but added that if

"everything would be possi-ble". He said the international community, including Arab countries, could then work together to solve the problems of Lebanon, the aspirations of the Palestinian people for an independent state and the right of Israel to live in secu-

there were such a withdrawl

Iraqi president, has insisted that there can be no solution to the Kuwait crisis which is not linked to the Arab-Israeli con-The White House yesterday reacted cautiously to Mr Mit-

Mr Saddam Hussein, the

sised that France and the US were in accord over the need to enforce UN sanctions against

terrand's proposals and empha-

"We certainly are willing to examine every avenue that would lead to a peaceful solution," Mr Marlin Frizwater, the White House spokesman, said yesterday. "But at this moment it's something we'd have to talk to President Mitterrand about and examine in more

In his address to the UN, Mr Shevardnadze left open the vital question of whether mili-

tary action would require fur-ther recourse to the Security Council. However he left no doubt that the consensus in that body was great enough for such a decision to be taken. "The United Nations has the

power to suppress acts of aggression," he said. "There is ample evidence that this right can be exercised. It will be, if the illegal occupation of The Soviet Foreign Minister

emphasised, however, that before this could happen, peaceful means of pressure, including economic sanctions,

Common positions: President Ali Akbar Hashemi Rafsan-jani of Iran (left) with Presijani of Iran (left) with President Hafez al-Assad of Syria in Tehran yesterday. Iran backed an emerging anti-Iraq fromt in the Gulf crisis, pledging support for efforts by the Syrian leader to co-ordinate opposition to the Iraqi takeover of Kuwait.

Mr Rafsanjani went out of his way to express unanim-

Mr Rafsanjani went out of his way to express unanimity of views with Mr Assad who had travelled to Tehran to lobby for Iranian co-operation, "Whether the situation remains the same, or Iraq is devastated, or the or trad is developed, or the anti-Iraq front is weakened, or war breaks out, or Israel intervenes – we have com-mon positions what to do in each case," Mr Rafsanjani

The west, no less than moderate Arab states such as Egypt and Saudi Arabia, is likely to be heartened by developments in Tehran. There were fears that Iran might be wavering in the application of UN sanctions. Full report, Page 2

would have to be exhausted. While not specifically making it a condition of Soviet participation in any joint military action against fraq, Mr Shev-ardnadze nevertheless reiterated Moscow's proposal that the Security Council's Military Staff Committee should be reactivated.

During the Cold War the Committee could not and did not have a role to play. However, it was clear that in the new international climate, the Security Council was unable to Continued on Page 20 Crisis in the Gulf, Page 2

# Matsushita may launch takeover offer for MCA

By Martin Dickson in New York and Alan Friedman in Los Angeles

MATSUSHITA Electric Industrial, the large Japanese consumer electronics business, is holding talks with MCA on a possible bid for the US entertainment group, which is best known for its ownership of Hollywood's Universal Studios. The bid could be worth some from film and television production, and it has one of Hollywood's largest and most The bid could be worth some

A bid would be the largest single Japanese investment in the US to date and represent a major strategic diversification into entertainment by Matsushita, which makes videocas-sette recorders and hi-fi equip-

The company would be following the lead of Japanese rival Sony, which bought another large Hollywood company, Columbia Pictures Entertainment, for \$3.4bn last year and spent \$2bn on CBS records

A takeover would also stir up fresh controversy in the US over the mounting acquisition by Japanese investors of Amer-ican businesses and cultural landmarks, such as the Rockefeller Centre in New York.

Shares in MCA soared yesterday, to reach \$57% at lunch-time, up \$23, when the com-pany confirmed it was in friendly talks with a "major international company," although it added there was no assurance an agreement would be reached on a takeover. In Tokyo, Matsushita acknowledged that it was the other Analysts reckoned that any

bid was likely to be pitched in the \$30 to \$30 a share range. Mr Jeffrey Logsdon, at the Los Angeles-based Seidler Amdec Securities, said: "MCA is one of

economies in eastern Europe.

met some impressive people

including Mr Karl Otto Pöhl,

The Russian delegation has

come from film and television production, and it has one of Hollywood's largest and most valuable film libraries. It owns s large independent television station. New Jersey-based WWOR, which a foreign com-pany would not be permitted to

ocquire.
Other MCA interests include records, the Putnam Publishing group, a chain of gift shops, and theme parks, including the Universal Studies the parks. including the Universal Studios tour near Los Angeles. However, a similar \$650m park which opened in Florida this year has been plagued with teething problems. MCA's net income last year totalled \$191m, up from \$164m in 1988, or revenues of \$3.38m. on revenues of \$3.38bn.

The company was built up by shrewd acquisitions over four decades by its septuage-narian chairman, Mr Lew Wasserman. It has long been regarded as a potential take over target and in the mid-1980s held abortive merger talks with the RCA entertainment group.
Mr Wasserman owns some 7

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per cent of the shares. The largest single shareholder, with 12 per cent, is Mr David Geffen, who sold his record company - the largest inde-pendent in the world - to MCA last year in exchange for stock. Mr Geffen said yesterday he

would sell his stake to Matsushita if that was the MCA

# Russian gatecrasher at IMF-World Bank meeting

MR Gregori Yavlinksy, the youthful deputy prime minis-ter of the Russian federation. is best described as a gatecrasher to this week's IMF-World Bank meeting. The architect of what is

known as the Shatalin plan to move the Soviet Union to a market economy in 500 days, Mr Yavlinsky is keeping a dis-creet distance from the Soviet gation which is making its first official appearance at the Washington gathering.

The presence of two rival delegations is seen by some people as evidence that the

Union is imminent. But Mr Yaviinsky says his goal is alto-gether more nobie: to convince the Bush administration and the international financial the economic reforms are for

disintegration of the Soviet

yesterday, the bleary-eyed dep-uty premier looked like a man who knows the enormity of his

The decision by the Supreme Soviet on Monday to delay adopting the "500 day" plan came as a stunning blow,

O Mescow edges closer to Fund member O Special facility to assist Quif refugee resettle O Concern over slow progress in Uruguay Round talks • Conable outlines action on poverty Singing financial orthodoxy at brenkfast

undercutting the Russian dele-gation's efforts to persuade a friendly but still sceptical audience in the US that the Great Lesp Forward toward a

free market will happen. Until the news from Moscow, Mr Yavlinsky was

doing a more than credible job of explaining in his halting English how his plan would work, helped by Mr George Soros, the ubiquitous Hungari-an-American financier who is

making a career out of dis-mantling centrally planned

president of the Bundesbank Mr Ryutaro Hashimoto, Japanese finance minister; Mr Robert Glauber, a senior US Trea-sury official; and Mr Richard Stry Chican; and mr Richard Breeden, chairman of the Securities and Exchange Com-mission. Biost important, the delegation has held a 90-minute session with Mr Robert Zoellick, chief adviser to Mr James Baker, US secretary of

In the eyes of its admirers.

the Shatalin plan's strength is to make a virtue out of the inevitable: the passing of power to the individual Soviet republics. Mr Zoellick spent much of his time probing how the young economic radicals would reconcile this devolution of power with the need to implement the plan from the implement the plan from the centre, and how to make it stick. Just a year ago, US officials including Mr Zoellick spent a three-hour flight to Wyoming listening to Soviet promises of economic reform. Some were Continued on Page 20

# UK merger may create Europe's largest commodities exchange

By David Blackwell in London PLANS to create Europe's

biggest commodities exchange have been put forward in a merger proposal by two of Lon-don's leading exchanges. The joint proposal for a

merger between the Baltic Futures Exchange and the London Futures and Options Exchange (Fox) has been prompted by the need to concentrate resources in the run-up to the single European market after 1992. Talks between the two institutions are due to begin soon,

but any decision will have to be approved by the exchanges' members – the companies which have seats on the mar-Mr Saxon Tate, chairman of London Fox, said yesterday that if the move went shead it would create "by far the largest and most dynamic com-

modifies exchange in Europe," well positioned to compete internationally. The merger would follow close on the heels of the merger planned for early next year by the London Interna-tional Financial Futures Exchange (Liffe) and the London Traded Options Market, the City's leading derivative exchanges.
Shares in the BFR would be

swapped for shares in Fox "on a fair basis related to assets," Mr Mark Bhundell, chief execu-The BFE is the smallest of

London's commodity exchanges, last year trading 313,500 contracts. It was created only three years ago when the grain, soyabean meal, meat, potato and freight futures markets were amalgamated in order to cut regulatory costs after the implemen-tation of the Financial Services

The agricultural markets are purely domestic; only the freight futures market inspires international interest.

looking for ways to expand its business away from the core cocoa, coffee and sugar con-tracts, which traded about 4m lots last year. It has launched several contracts on an auto-mated trading system on which it is pinning hopes. Mr Pat Elmer, chairman of the BFE, said the exchange's board believed that through the merger, the BFE would be able to develop existing contracts and expand into new

We believe that we can only

achieve our full potential in the environment of a larger exchange, and believe that the proposed merger with London Fox will provide just such an Mr James Gray, chairman of

tee, said the exchange had increasingly come to recognise the need to offer contracts for Europe, particularly in the run-up to 1982. Paris, Frankfurt and other European centres were developing futures exper-We must make sure we are

offering a product that appeals to Europeans," he said. The BFE had "a lot of potential for development," he added. European contracts in both grain and potatoes were possible, while the freight futures market had "great potential worldwide."

FT-SE 100: 1,999.2 (+8.9)

1,528.6 (+16.2)

965.39 (+0.3%)

New York close

306.43 (+1.84)

2,469.08 (+16.09)

FT Ordinary:

FT-A AD-SE

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# WHEN WE INVEST IN A COMPANY WE'RE NOT INTERESTED IN ITS WORTH.

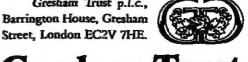
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The Guif Crisis: Yemen is walking a political World Trader EC heavyweights clash over Dictator's comeback: Guatemalan courts Foreign Affairst Sierra Leone promises politinents East European companies with

agricultural reform ..... allow coup leader to run for president \_\_ cal and economic reforms .... Editorial comment: The palest of green; Collision over Japanese cars . Survey: Waste management 

#### Change in attitude as Sweden looks to EC for the future

Sweden will be a full Carlsson, the prime minister has his way. Recent events in Europe have undermined the country's to neutrality. Page 8

the 1990s, if Mr ingvar traditional commitment

#### STERLING New York close \$1.870 (1.8815)

MARKETS

\$1,8765 (1.8845) DM2.935 (2.935) FFr9.6250 (9.8225) SFr2.440 (2.4425) Y257 50 (256.25) index 93.8 (93.4) GOLD New York: Comex Dec \$407.6 (408.3) London: \$404.25 (369.) M SEA OIL (Argus) Brent 15-day Nov \$37.85 (38.275)

Chief price changes yesterday: Page 21

25-25

#### New York close DM1.5645 (1.5595) FFr5.2380 (5.2210) SFr1 3036 (1.298 Y137.35 (137.38) DM1.5840 (1.5575) FFr6.2350 (5.2125) SFr1.3005 (1,2965) Y137.25 (136.0)

Tokyo close: Y136.70 Fed Funds 81, % (8%) 3-210 Treasury Bills: yield: 7.572% (7.61) Long Bond: 9531 (9511) yield: 9.135% (9.17)

Tokyo: Nikkel 23,359.32 (-418.51) LONDON MONEY 3-month interbank: closing 14 ½% (14致) Little long gill fail Dec 8233 (8233)

# **EC** energy chief tries to talk down oil prices

By Lucy Kellaway in Brussels

THE speculators who have pushed oil prices to \$40 and more are being cruel to consumers. They are also being illogical, as oil stocks are high and supplies plentiful. But one day prices will fall and they will be left with losses. When that happens, they will get no sympathy.

With this mixture of threat, warning and moral pressure, Mr Antonio Cardoso E Cunha, the EC's energy commissioner, yesterday made a brave attempt to talk down the world price of oil.

The average oil trader, who knows precisely the state of world oil stocks, who is well aware of the market's psychology and its associated risks, may not be convinced.

Mr Cardoso also complained that the value of the year of the year.

that the value of the vast quantities of oil sold on world markets was set by the price of a few marginal cargoes traded on the spot market. Worse, that the price of gas was also affected. None of this was justified, he said.

Mr Cardoso's remarks revealed that the European Commission has no ideas for how it might affect either demand or supply. "What we are trying to do is to stop the speculation," one official said. Indeed the EC has never really had a co-ordinated energy policy; energy has been an area that member states have persisted in keeping to

The Community has a strate-gic stockpile that it can choose gic stockpite that it can choose to run down, probably within a general decision by the Inter-national Energy Agency. But as Mr Cardoso has pointed out, to start running down stocks in a small way would have no effect on the market; to do so in a big way would be unwise, as they could be needed if war

On the demand side, the Commission can set consump-tion ceilings for member states, but only if supplies are interrupted. In the meantime it has to rely on suggestions for energy savings measures, which officials privately admit have marginal impact.

# Iran lines up with Syria in firm opposition to Iraq

By Tony Walker in Cairo

IRAN yesterday strongly ikan yesterday atrongly backed an emerging anti-Iraq front in the Gulf crisis, piedg-ing its support for efforts by Syria's President Hafez al-As-sad to co-ordinate opposition to the Iraqi takeover of Kuwait. Iran's President Ali Akbar Hacked Pafezginin ment cut Hashemi Rafsanjani went out of his way to express unanimity of views with Mr Assad, who had travelled to Tehran to lobby for Iranian co-operation.

"Whether the situation remains the same, or Iraq is devastated, or the anti-Iraq front is weakened, or war breaks out, or Israel intervenes - we have common positions what to do in each case," Mr

Rafsanjani said. Syria's leader, who is President Saddam Hussein's arch dent Saddam Hussein's arch rival, has been promoting an anti-Iraq axis that would include Egypt, Saudi Arabia and Iran in an attempt to contain and possibly eliminate the Baghdad regime.

Mr Assad was clearly delighted by Mr Rafsanjani's remarks and allowed himself a rare display of public humour when Iran's President observed that "during the talks Mr

that "during the talks Mr Assad told me: 'Let's bring up a point of difference just for

the sake of the reporters."
"But you did not agree,"
interjected a smiling Mr Assad.
"We couldn't find any," Mr
Rafsanjani replied.

The West, no less than moderate Arab states such as Egypt and Saudi Arabia, is likely to be heartened by devel-opments in Tehran. There were fears that Iran might be waver-ing in the application of UN

Mr Rafsanjani's remarks seemed to indicate that not

only would Iran support the trade embargo, it would also co-operate more extensively in efforts to exert pressure on Iraq with which it resumed diplomatic relations earlier this month after a three-year

break.

While there are differences
between Syria and Iran on the
presence of foreign forces in
the Gulf, they were apparently
not allowed to interfere with
the spirit of harmony that
emerged in Mr Assad's three
days of talks with the Iranian
leadership.

leadership.
Syria has committed 15,000 men to Saudi Arabia and the United Arab Emirates to confront Iraq and stand alongside the Americans. Iran has denounced foreign intervention in the crisis

in the crisis.

Mr Assad's apparent diplomatic success in Tehran is certain to add substantially to his regional stature. Dr Fahmi Howeldi, an Egyptian specialist on Iran, said last might that Syria's ruler was "now playing a very important role in the region."

region."
Not only was he involved in efforts to bring the Gulf crisis to a successful conclusion, but he was also acting as something of an intermediary in dealings between Iran and both the West and Egypt and Saudi

Arana.

Mr Assad may be instrumental, Dr Howeldi observed, in helping to further reduce Tehran's isolation and "to give a better picture of Iran to the outside world." He noted that Saudi Arabia,

in particular, was anxious to improve relations with Iran in order to deal with the annual influx of Iranian pilgrims to

Mecca and Medina and avoid the riots and bloodshed of the past. The Gulf crisis had added

urgancy to this task.

The Saudis, who had already increased substantially their financial assistance to Syria since it committed troops to the kingdom, are likely to be more generous still if Mr Assad helps to facilitate an improve-ment in relations between Riyadh and Tehran.

It was significant that Mr Assad's first foreign visitor on his return to Damascus last night was Prince Saud al-Faisal, the Saudi Foreign Min-ister, who arrived bearing a personal message from King Fahd.

In Tehran, Mr Assad said he had fully briefed Mr Rafsanjani on his talks earlier this month with US Secretary of State,

with US Secretary of State, James Baker.
Iran's leader denied press reports, however, that Mr Assad was carrying a message from the US. "The Americans are not so brazen as to give his excellency a message for us," he said

But there seems little doubt that Mr Assad conveyed the US desire to improve relations with Tehran if differences could be resolved on such issues as hostages in Lebanon and the Salman Rushdie affair. Iran itself needs western assis-tance to rebuild its economy shattered by eight years of war

with Iraq. Mr Rafsanjani thanked Mr Assad for his support during the protracted Gulf conflict, saying "we remember that dur-ing the war although Mr Hales Assad was asked not to stand by us because he was an Arab, he refused."

# Baghdad orders planting of wheat

IRAQ has ordered farmers to had been formed in all prov-plant 80 per cent of their land with wheat to offset food short to supervise the programme ages caused by sanctions, AP reports from Baghdad.

Any farmer who failed to comply would be fined double the cost of the production expected from him, the Agriculture Ministry said.

Ministry Undersecretary Abdul Satter Hussein told the ruling Baath party newspaper, Al-Thawra, that committees

and to help farmers overcome difficulties imposed by it. "Because of the economic

"Because of the economic blockade, we all should shoulder our responsibilities in order to plant each inch of our land and increase the production of grains, especially wheat because this is the basic foodstuff for our people," Hussein was quoted

as saying yesterday. Iraq has 48m acres (17m bectares) of arable land, but litthe more than 13 per cent is in use. Almost 57 per cent of that is planted with grains, mainly wheat, barley and rice.

Iraq has been a major importer of foodsuffs, especially grains, with a partial

cially grains, with annual imports of \$1bn before the embargo. The United States was the main exporter of food to lraq.



Mr Tom King, the British Defence Minister, said yesterday that war with Iraq was not inevitable but that more UK troops would be sent if needed, Reuter reports from Fallingbostel, West Germany. "We have shown our willingness to play our part," Mr King said during a visit to the West German-based 7th Armoured Brigade which is preparing to leave for Saudi Arabia this weekend. The departure of the "Desert Rais" — 6,000 men and 120 tanks — will be Britain's biggest movement of heavy armour since 1945.

# Iraq welcomes peace Mexico doubles oil move by Mitterrand export revenues

IRAQ yesterday welcomed as "non-aggressive" a four-stage peace plan proposed on Mon-day by France's President François Mitterrand, Reuter rts from Nicosia.

An Iraqi government spokes-man praised the French Presi-dent's speech which linked an Iraqi withdrawal from Kuwait with dialogue among Middle Eastern countries on a range of

regional issues.
"We sensed a non-aggressive language in the speech, and an attempt to find solutions to regional problems," the Iraqi spokesman said.
"Such a vital and interactive

link between problems in the region is what reassures the Arabs and not the premedi-

Arabs and not the premeditated aggressive intentions against them."

Mr Mitterrand, speaking at the opening of the UN General Assembly's annual debate, insisted that Iraq withdraw from Kuwait and criticised that Iraq in President Saddam Hus. Iraqi President Saddam Hus-sein for showing no sign of complying with UN demands

However, stressing that "anything was possible" if Iraq were to withdraw from Kuwait, Mr Mitterrand proposed a four stage plan which underlined that an Iraqi pull-out could help settle other Middle East disputes, including the Arab-Is-

Mr Saddam Hussein, the Iraqi President, has stressed that any settlement of the Kuwait crisis must be linked to the Palestinian-Israeli issue. Michael Littlejohns in New York adds: Mr Gianni De Mich-elis, the Italian Foreign Minis-ter, yesterday echoed Mr Mit-terrand's proposals in a speech to the UN General Assembly.

"A solution to the current crisis which is not followed up by the drafting of guidelines for future political and eco-nomic action in the Middle Bast could be letters drawn in sand, soon to be blown over and forgotten," Mr De Michelis said. Italy holds the presidency

of the European Community. He said EC members would continue to seek a solution to the Gulf crisis, but must prepare for a long siege and accept no compromise which violated basic principles.

Collective solidarity must be directed first to the Arab world, because only with its full assistance would the political, diplomatic and economic isolation of Iraq be effective.

The Italian minister said the EC intended to speed up the application of its co-operation agreement with the Arab

MEXICO earned \$767m from oil exports in the first three weeks September, more than double the level expected before the crisis, AP reports from Mexico City. It exported 100,000 barrels a day more than planned at an average price of \$28.13. It had projected an average price of \$13 a barrel and sales of 230,000 b/d.

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by Alice Reprise

Egypt sends more troops

Egypt is sending more troops and tanks to Saudi Arahia, Reuter reports from Cairo. Egypt has so far sent 20,000 soldiers backed by M-60A3 tanks and artillery. Cairo has signalled its readiness to rease its contribution to about 35,000 men.

Iraq to stage Bush 'trial'

Iraq took another verbal swipe yesterday at western officials who had suggested Saddam Hussein should be tried for war crimes, saying it would stage its own trial of President George Bush, AP reports from Baghdad. The alleged crimes include planning war against Iraq, attempting genocide by sponsoring UN sanctions, and aggression against Panama and Grenada.

Japanese PM to visit Gulf

Japanese Prime Minister Toshiki Kaifu will visit Turkey next month for talks on the Gulf crisis, Reuter reports from Ankara. Mr Kaifu will be the first leading western premier to tour the Middle East since Iraq's invasion of Kuwait. He will also visit Rgypt, Sandi Arabia, Jordan and Oman. Japan, which imports about 70 per cent of its oil from the Middle East, has pledged \$2bn to the frontline states and a further \$2bn for the US-led forces in Saudi Arabia.

#### Bid to co-ordinate navies

A delegation from the Western European Union (WEU) is touring the Gulf to review co-ordination of six European navies enforcing sanctions against Iraq. Reuter reports from Paris. The WEU parliamentary assembly has warned that lack of a combined command for the 32 ships at present under national control could make them more vulnerable to Iraqi air strikes.

# Yemen walks political tightrope

Saudi Arabia's southern neighbour is finding there is a price to pay for leaning towards Saddam, writes Eric Watkins in Sanaa

RAQ'S invasion of Kuwait has created dilemma for Yemen's recently united

Yemen has depended on Kuwait, Saudi Arabia and other Gulf states for worker remittances and direct financial aid over the past two decades, and can ill-afford to side openly with Iraq. But lon-ger standing military, political, and economic ties with Bagh-dad — as well as widespread dad — as well as widespread popular support for Mr Saddam Hussein, Iraq's president — have equally prevented Yemen breaking with Iraq.

Faced with the need to take a position on the Gulf crisis, therefore, the Yemen took the presence of US forces in Saudi

resence of US forces in Saudi Arabia to make an issue of forelgn powers in the region and avoid taking sides in the con-

avoid taking sides in the conflict directly.

That stance initially became clear when the country's ruling parties — the Yemen Socialist Party and the Popular General Congress — issued a joint communique condemning UN sanctions against Iraq as "clear evidence of the preplanned aggressive intentions against the nations of the Arab world."

Yemen's position follows tra-ditional policy, which western diplomats in Sanaa, the capi-tal, characterise as a general aversion to taking sides pub-licly, a commitment to com-mon Arab positions and an opposition to any alliances in the region involving outside powers.

However, Yemen's position appeared to shift last week when President Ali Abdullah Saleh and other government officials denounced Iraq's actions. "We have condemned the invasion of Kuwait by Iraq and we call for the withdrawal of Iraqi forces from Kuwait," General Saleh said.

Yemen's position fell short of

General Saleh sald.

Yemen's position fell short of unqualified support for the restoration of the ruling al-Sabah family. According to General Saleh, it would be inappropriate for outside forces to impose any particular regime on Kuwait. "It should be left for the Kuwaiti people themselves to decide who should rule the country," General Saleh said.

None the less, few observers doubt where Yemen's sympadoubt where Yemen's sympa-thies lie. Despite providing substantial financial assistance — \$50m last year alone —

Kuwait's rulers are not popular in Yemen. Indeed, the common view is that they have squandered Arab resources in pur-

suit of western pleasures.
"Yes," says a disgruntled shopkeeper, "Knwalt gave us some money. But they could have given us more. Look how much they spend drinking and gambling in the west!"



President Saleh: change of

Iraq as the defender of Arab interests. "Iraq ruined its econ-omy protecting the Arab nation from Iran," says one Yemeni executive. "Then what happened? Kuwait and the other Gulf states started eco-nomic war on Iraq. They over-produced their oil, drove down prices, and prevented Iraq's

With a summary shrug he sks: "What else could Saddam Mr Saddam is widely vener-

Mr Saddam is widely venerated here. A msn of grand gesture in a land of chronic poverty, he bestowed a gift of 150 Mercedes on the North Yemen government at last September's independence celebrations in Sanaa and pledged \$150m in development aid on the unification of North and South Yemen last May.

Such gestures form only part of his appeal. Having supported Yemeni unification in the teeth of fierce Saudi opposition, Mr Saddam Hussein is also viewed here as the only man capable of unifying the Arab world.

Mr Saddam's popularity

Mr Saddam's popularity apart, ties between Iraq and Yemen have long been close. Yemeni military officers, trained in Baghdad during the

tion which established North Yemen in 1962. Relations between the two countries improved further in the 1970s and particularly in 1979 when Iraq granted North Yemen a

five-year, \$300m aid package.
North Yemen responded by
supporting Iraq in the Gulf war
and sent two brigades of combat troops, the only Arab
nation to contribute more than

Iraq likewise had good rela-tions with South Yemen after its independence from Britain in 1967. The two countries were especially close in the 1970s when both were in the Soviet orbit, though they fell out in the late 1970s when Iraq signed treatles with Oman and Iran, traditional rivals of the South

Association between the two countries came to a virtual halt when South Yemen sup-ported Iran during the Gulf war. None the less, Iraq firmly backed the South's merger with the North and endorsed the unification with pledges of substantial financial and military assistance.

Yemen's act of balancing sympathy for Iraq with economic dependence on Saudi Arabia and the Gulf states in the current crisis is therefore a delicate exercise. The country has thus sought to portray the crisis as a conflict between Arabs and the rest of the world anxious to protect its self-interest.

est.

However, while that view is not shared by all Arah nations, particularly Yemen's main Gulf benefactors, even this stance has proved expensive. According to Yemeni officials, Saudi Arabia and the Gulf states have now cut all aid to Yemen and are "encouraging" Yemeni expairiate workers to return home.

return home.

Although official figures are not available, one official puts Yemen's potential loss of remittances and foreign aid at \$1.7bn by the end of this year. Yemenis have already begun to feel the economic pinch. Petto feet the economic pinch. Pet-rol shortages, once a rarity, occur daily and Yemenis grum-ble at having to queue. Food is still in good supply, but shop-keepers report that wholesalers are "selective" in their distri-butions.

Accordingly, prices are ris-ing amid concern that Saudi Arabia, source of many Yemeni imports, may cut supplies. Some 20,000 Yemeni workers displaced by Iraq's invasion have now returned from Kuwait along with droves from Saudi Arabia and other Gulf states.

"The return of so many expatriate workers, often to the poorest regions of Yemen, is bound to have serious economic and social repercus-sions," a western diplomat

There are even signs that these short term discomforts, allied to the potential loss of long-term development aid, are even beginning to shake popular Yemeni sympathy for Iraq. "Saddam Hussein has broken in and stolen all the jewels he needs," says one Yemeni gro-cer. "Now let him leave the

Such sentiments are reflected in General Saleh's call last week for the with-drawal of Iraq forces form

Nevertheless, his failure to support the restoration of Kuwait's rulers will leave Yemen open to continued sus-picion from outside

If so, Yemenis can expect to have to tighten their belts even more in the coming weeks. "Yemenis have traditionally known which side their bread is buttered on," observes a senior western diplomat. "But in the current crisis they have tended to forget."

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The decision has betrayed the pure and

eternal ideals of the Olympic spirit under

We implore President Jacques Delors and all citizens of United Europe to exhort the

members of the International Olympic

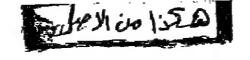
The eternal flame of the 1996 Golden

Olympiad should rightfully burn in the city and

pressure of commerical considerations.

Committee to reverse their decision.

continent of its birth.



sed, believes these aspects as currently drafted will be rejected by the US. He is also concerned that developing countries will be disadvan-

It is equally uncertain what he has in mind for export refunds, the subsidies which the EC's trading partners claim the EC's trading partners claim represent the worst distortion to agricultural trade and were reportedly the main sticking point at last week's Commission meeting. An official in his department yesterday described the MacSharry proposal — essentially a repeat of his view that export refunds would come down automatiwould come down automati-cally when internal support and protection were reduced -

# Sweden secures ruling on US dumping practices

SWEDEN has secured an important judgment against US anti-dumping practices from a disputes panel of the General Agreement on Tariffs and Trade.

Stainless steel hollow products, four of which produced welded products while only two made seamless products. The Gatt panel found that the Commerce Department had

The panel decided that the The paner decided that the US should revoke the anti-dumping duties it has been charging on imports of seam-less stainless steel hollow prod-ucts from Sandvik and Avesta Sandvik Tube and should reim-

The reason advanced by the three-man panel for arriving at its verdict is that the US had violated "an essential procedural requirement" in initiating the investigation into the ing the investigation into the

ing the investigation into the dumping charge.

The US Commerce Department initiated the investigation after receiving a request from the Specialty Tubing Group (STG) and its member companies producing stainless steel hollow products.

This request had been made "on behalf of the domestic

"on behalf of the domestic industry in the US", as required by Gatt's anti-dump-

However, the STG included six domestic producers of

The Gatt panel found that the Commerce Department had not taken sufficient steps to ensure that the request had been genuinely filed on behalf of the domestic industry affected.

This finding can have reper-cussions in other cases in which US authorities may have which US authorities may have started investigations into dumping charges without fully complying with the prescriptions of the code.

The panel's verdict will also be seen read as reinforcing the arguments of Japan and other Asian exporters in the current talks on the revision of the

talks on the revision of the anti-dumping code under Gatt's Uruguay Round. The exporters claim that investigations are too often

launched on insufficient

At a meeting of the Gatt anti-dumping committee yes-terday the US asked for more time to consider the panel's findings before deciding

# Lomé states EC heavyweights clash over farm reforms ask EC for oil aid

By Lucy Kellaway in Brussels

THE 66 poorest countries in the world yesterday made an impassioned plea to the European Community for emergency short term aid to help cover the steep increase in their oil import bills.

The plea by the African, Caribbean and Pacific countries (ACP) was backed by Mr Manuel Marin, the EC's com-

Manuel Marin, the EC's com-missioner for development, who called on member states to provide new money to help insulate them from the effects of the Call effort. of the Gulf crists.

According to Commission calculations, an increase in the oil price to \$30 costs Lomé oil importers an extra \$2.5bn a year. The recent rise to \$40 could cost twice as much. The Commission fears higher oil prices will make unworkable the structural adjustment programmes underway and push debt to unmanageable levels.

EC officials yesterday

expressed pessimiam over the willingness of member states to provide extra money. Since the Lomé agreement was signed last year, they have had new calls on their money from Eastern Europe and the Gulf. Mr Marin yesterday rejected requests money could be made available immediately from

# A long-awaited bureaucratic battle has erupted in Brussels, reports Tim Dickson HE STAGE was set yes-terday for the Brussels bout over agricultural policy which trade experts

have been widely expecting for much of this year.

In one corner Mr Ray Mac-Sharry, the EC's Agriculture Commissioner, who vowed at a press conference that he would table the same proposals for international farm reform at next week's meeting of the next week's meeting of the Commission. These unexpectedly failed to win majority sup-port from his colleagues last Wednesday.

wetnesday.
In the other, Mr Frans
Andriessen, the EC's External
Relations Commissioner, whose alternative is intended to make the package more palatable for the EC's major trading partners.
Presenting policy differences

in terms of personalities is much disliked in Brussels, but in this case it is essential to an understanding of what is going

On top of the dispute over points of principle, the row has developed into an unseemly slanging match because of differences in temperament and negotiating technique.

senior Brussels Commissioner after Mr Jacques Delors and who has overall EC responsibility for the Uruguay Round, has always wanted to exercise more control over the specifi-



MacSharry (left) and Andriessen have differences in temperament and negotiating technique

cally agricultural aspects of tany agricultural aspects of the Gatt talks – and he now seems determined to get it. Mr MacSharry, meanwhile, refuses to be pushed over and with political ambitions back in his native Ireland does not intend to be remembered as the man who sold out on the

But the division "is not extreme", as an official from one of the "camps" put it yesterday. "It is largely a question of technicalities and tactics".

Mr Andriessen, for example,

is happy with the broad thrust of Mr MacSharry's draft pro-posals which foresee a reduc-tion of 30 per cent for the main agricultural products over the years 1985-96, as expressed by the so called Aggregate Measure of Support (AMS). A number of less important products (including tobacco and fruit and yearstables) would be cut and vegetables) would be cut by only 10 per cent using a different set of calculations. The AMS, based on a fixed

(£85.51bn) in 1986.

Mr Andriessen's main reservations lie in the detailed MacSharry ideas on "tariffication" — transforming border protection measures which are not reference price derived from 1986-88 data, essentially quanti-

fies all forms of agricultural support (price support, direct support and input subsidies) and turns it into a global figure which can then be used as the basis for cutbacks. According to the detailed paper which is the subject of all the fuss, overall aggregate support in the EC amounted to almost Ecu94bn

# Japan bows to US pressure on metals

By Michlyo Nakamoto in Tokyo

AFTER months of resistance, Japan has bowed to pressure from Washington to ensure greater access to the Japanese market for US metals technol-

The bilateral dispute over amorphous metal alloy trans-formers was resolved last week with the acceptance by US negotiators of substantial con-cessions by the Japanese side to diffuse a potentially serious

With the agreement, Japa-nese industry has narrowly escaped retaliation by the US under section 301 of the 1974 US trade act.

The dispute over transformers using amorphous metal alloys came to a head when Allied Signal, the US company ogy, filed a petition with the US Trade Representative's Office in March, saying it had been unfairly excluded from the Japanese market.

Allied Signal said its efforts to obtain a Japanese patent had been blocked while Japanese manufacturers took subsidy to develop similar

technology.

It further claimed that there had been a licensing cartel and an industry boycott to keep the

Bouygues signs

BOUYGUES Thailand, a subsidiary of the French construction group, and Bangkok Land, a Thai development company, have signed a Bahtiobn (£211m) contract to construct

jointly part of a huge new resi-dential, office and industrial

complex planned for suburban Bangkok, Paul Taylor reports

from Bangkok.
The deal, the biggest Thai

building contract ever, repre-sents a third of the Baht30bn

Muang Thong Thani develop-ment scheme on Chaeng Wat-

The French group, which has previous experience of

major Thai projects including the Taksin Bridge, will be responsible for the industrial

Thai contract

US company from taking advantage of its patent before Japanese manufacturers could produce amorphous metal transformers themselves. Japan has denied these claims. The final Japanese concessions amount, in effect, to an extension of Allied Signal's

They include a promise, backed by the powerful Minis-try of International Trade and Industry (Miti), that Japanese manufacturers capable of prod-ucing amorphous metal alloys for use in transformers will retrain from doing so for four years after Allied Signal's patent runs out in 1993.

Japanese utilities are also committed to buying 32,000 such transformers for testing. (£21m), rather than the initially estimated 15,000. They have also agreed to signifion testing the transform

The interest shown in the issue by prominent US politi-cians was a factor that ensured significant Japanese commit-ment to solving the dispute. "Nobody ever doubted the issue could have a very serious impact on US-Japanese rela-tions," said a Miti official close

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# Asian textile producers continue to gain ground

By Alice Rawsthorn in London period last year. But the level of spinning pro-

THE EMERGING textile les in Asia are continuing to gain ground at the expense of their established competitors in western Europe and North America, according to the latest figures from the International Textile Manufacturers Federation in Zurich. Asian textile producers have been winning market share

away from the western producers since Asia emerged as a force in international textiles in the 1960s.

This trend is continuing despite investment in new technology - and subsequent ents in productivity

 by European and North American producers. In the spinning sector, for instance, the overall level of world yarn production rose by 1 per cent in the second quar-ter of this year compared with the first three months.

The Asian spinners managed to increase production at a higher rate by an average of 2.6 per cent. Some countries made even faster progress. Pakistan boosted its yarn output by 22 per cent against the same

#### for ABB ASRA BROWN BOVERI (ABB), Europe's biggest electrical

Hungarian deal

engineering group, has signed a joint venture agreement with Lang Gyepgyar, Hunga-ry's leading manufacturer of small and medium-sized power turbines, reports William Duil-

ABB is taking a 75 per cent stake in the new company, ABB Lang, which will begin operations next month with

ABB said it was investing restructuring of the Hungarian power supply industry. Earlier this year ABB negotiated one joint venture in Poland and two in East Ger-

duction fell by 4.4 per cent in Europe. The situation in the UK, where the textile industry

even more serious. The UK's yarn output fell by 15 per cent.

Similarly, the Asians man-aged to outpace the Europeans

and North Americans in the weaving sector which, overall, was depressed in the second quarter. Worldwide production

fell by 1.7 per cent.

Despite the decline in the market Asian producers managed to increase their fabrics output by 3.3 per cent. This contrasts with a fall in output

of 5.8 per cent in the US and 3.3 per cent in Europe. The international weaving

industry can, however, draw some consolation from the fact that worldwide stocks fell to

their lowest level since 1987.

State of Trade Report is

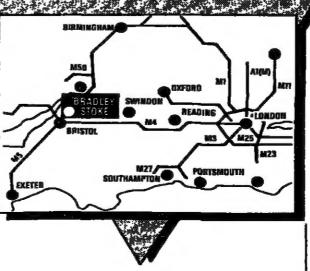
available from the International Tertile Manufacturers Federa-tion, Am Schanzengraben 29, CH-8002 Zürich, Switzerland.

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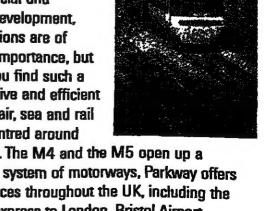


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#### IMF/WORLD BANK MEETING

# Special facility to assist Gulf refugee resettlement

THE World Bank is establishing a special loan programme to help countries resettle migrant workers fleeing Kuwait and Iraq.

Mr Barber Conable, the bank's president, said an estimated in to 1½m workers remained in Kuwait, while only about 500 000 had so far

remained in kuwait, while only about 500,000 had so far been able to leave.

He stressed the World Bank, which has predicted "staggering costs" to some countries even if the Gulf crisis is resolved quickly, would have to remain as flexible as possible in dealing with the crisis. It could accelerate payouts of could accelerate payouts of funds already agreed, advance lending programmes and seek to unlock other sources of finances for affected countries.

The bank would seek to create a facility to grant concessional credit to the so-called lower-middle income countries worst hit by the crisis. The poorest countries might benefit from advancing disbursements from the bank's soft-loan affiliate, the International Develop-ment Association.

press the panic button", he said. But statements over the last few days from both Mr Conable and Mr Michel Camdessus, managing director of the International Monetary Fund, appear to recognise the possibility that if the oil price stays above \$35 a barrel, more help will have to be mobilised for affected countries.

say the oil price does not reflect the fundamentals of supply and demand and is being lifted by speculative pressure. Mr Conable dismissed sug-

gestions that the bank "was unduly constrained" in its abil-ity to help in the crisis. He said there was plenty of spare land-ing capacity in the bank, fol-lowing its capital increase two

years ago.

A World Bank report written early this month emphasised the bank "has more limited potential in assisting the oil-importing countries than it did in either 1974 or 1980" followin enther 1974 or 1880 holow-ing the previous two oil shocks. The bank, it said, was close to its lending limits for some countries, and had already extended so many quick-disbursing economic reform loans that there was lit-tle capacity to do more in some

The report suggested oil prices could rise to \$65 a barrel in the case of war.

• Mr Conable also said there was widespread support among member countries both for an increase in the capital of its private sector affiliate, the International Finance Corpora-tion, and of a special fund being planned for en-vironmental projects for the

But he implied some important member countries still

He said much remained to be resolved in a short time and urged the world's nations to settle their differences and complete the round by the end

system was at an important crossroad, he said.

A successful conclusion of the Uruguay Round would have far-reaching favourable consequences, including a significant increase in the efficiency of agricultural produc-tion and the extension of rates, and therefore encourage

related investment.

Against a background of increasing anxiety in financial markets about the economic consequences of the Gulf crisis, Mr Camdessus called on countries to provide "clear and credible signals" that they were determined to reduce were determined to reduce

Such action would allay the markets' concern. Develop-ments since the Iraqi invasion of Kuwait had increased the importance and urgency of implementing a strategy to contain inflation and raise national and global savings

boost national saving would be to cut budget deficits. A reduction in the absorption of savings by governments private investment and help reduce the debt service burden

international monetary system that would be "different and hopefully better".
It would be reinforced by the

move towards monetary unification within Europe and would also be more truly universal because of the expected progress of the Soviet Union and eastern European coun-tries towards convertibility of

it would also be a system giving sufficient emphasis to the correction of exchange rate volatility by careful monitoring of policies.

By making better use of the behalities of surmillance and

techniques of surveillance and policy co-ordination, it will help establish a low inflation

# Moscow edges closer to Fund

THE Soviet Union is moving closer to joining the Interna-tional Monetary Fund as it opens its economy to the west and charts a course to the free market, the head of the Soviet state bank said yesterday, Reuter reports from Washing-

membership

Mr Viktor Gerashchenko, chairman of Gosbank, said there was no alternative to restructuring the country's rigid economy. However, he threw cold water on the 500-day plan backed by President Mikhail Gorbachev, saying it had been drawn up by radical

"The time is growing ripe for joining the IMF — we now need to go through the formalities and details," he said.

Mr Gerashchenko, the Soviet Union's most powerful banker, is heading the nation's first delegation to the annual meetings of the IMF and World Bank since the organizations were formed at organisations were formed at the end of the Second World

He faces a rival Russian Republic delegation at the meetings, led by Mr Gregori Yavlinksy, deputy prime min-ister of the Russian Pederation

ister of the Russian Federation and a key figure behind the 500-day plan.

Membership in the Fund, once despised by Moscow as the epitome of the capitalist world, would open up an important source of loans to the rapidly disintegrating Soviet occnomy and would seal its integration into the western financial system.

Mr Gerashchenko, who is Mr Gerashchenko, who is leading a delegation of "spe-cial invitees," would not spec-ify the exact timing of mem-bership, a move linked to the

But he said there was no doubt the decision would be taken and some of his delega-tion would stay on for further talks with the Fund after the annual meetings ended.

"We have nothing to hide, nothing to be ashamed of... such co-operation will be very useful for our own decision-making," Mr Gerash-obseks said.

west's drive to help the Soviet

The IMF has been careful not to pass judgment on the tortuous Soviet reform debate, which has divided the Soviet

# Conable outlines action on poverty

MR Barber Conable, president of the World Bank, yesterday urged the international community to make as big an effort combating poverty as it had in dealing with the Gulf

Addressing the annual meeting of the International Mone-tary Fund and World Bank in Washington, he said it was pos-sible to reduce the number of poor people in developing countries by at least 300m by the year 2000. But such an achievement would require determined, collective action.

Mr Conable said countries such as India, China and Indonesia had made considerable management of the considerable management of able progress towards reducing poverty. But still more than Ihn people lived on less than \$1 a day.

Over the next 10 years the opulation of developing coun-ties was likely to increase by at least 850m people. Many of these would be born into abso-

inte poverty.

Mr Conable said encouragement of economic growth and better directed educational and health services were at the



Barber Conable: military outlays should be cut

core of the bank's anti-poverty strategy.

The World Bank was rapidly cient food production to replace costly general food subsidies. increasing its lending for pri-mary education, basic health care and family planning.

It had made a special point of improving the lot of women in developing countries and had intensified support for effi-

Mr Conable outlined four ways in which countries could work together to reduce poverty. These were: The developing nations should establish sustainable growth policies and spending

priorities for poverty reduc-• Countries should agree on better ways to measure how policies affected the poor, using indicators such as child mortality, primary school enrolment and real unskilled

enrolment and real unskilled wages to measure progress in reducing poverty.

• Development assistance should be increasingly linked to good performance in helping

the poor.

The entire international community should commit itself to reducing poverty.

He said it was unacceptable that official aid flows from industrialised countries had fallen as a percentage of gross-national product in recent

In spite of the Gulf crisis, military outlays should be cut. A 10 per cent cut in military spending by the members of Nato would enable them to double their development aid.
Moreover, developing countries spent about \$200m a year on weapons and this money could be bottom. be better directed to tackling

# Concern over slow progress in Uruguay Round trade talks

By Peter Norman

MR Michel Camdessus, anaging director of the International Monetary Fund, yes-terday expressed concern at the lack of progress in the Uru-guay Round of trade liberalisa-tion talks.

The international trading

Trade remained distorted by restrictive practices in many countries, which hurt the nations that imposed them as well as those against which they were aimed.

multilateral discipline into areas such as services, intellectual property rights and trade-

and investme The most effective way to

of developing nations.

Looking ahead, Mr Camdessus said the world was gradually moving towards an

IMF/WORLD BANK NOTEBOOK

# Singing financial orthodoxy at breakfast

BRAZIL and Argentina are together responsible for a \$15bn (£7.9bn) hole in the balance sheets of international banks, but officials from the two countries are nevertheless still welcome at bankers'

The central bank governors of the two countries were yes-terday morning singing for their breakfast at the same event at Washington's Shore-

As Mr Ibrahim Eris, the Turkish-born head of Brazil's central bank, and Mr Javier Gonzales Fraga, his opposite number in Argentina, outlined their countries' anti-inflation packages, there was more evi-dence of the financial orthodoxy which appears to have overtaken their continent.

Brazil, now \$8.4bn in arrears to banks, has been locked in controversy at the annual meetings about whether it will pay interest to banks before the International Monetary Fund disburses a standby loan. The banks see the issue as a last battleground against an IMF strategy of lending to

countries in arrears to banks, of which they heartily disap-prove. On the other side, the issue seems to have gained symbolic importance in the

Brazilian government.
The difficulty for Mr Rris is to explain what is widely seen as the most credible Brazilian anti-inflation programme of the decade when the international debate centres on an issue that superficially sug-gests that nothing much in

Brazil has changed. The policies include planned privatisations of \$10bn-\$15bn next year, in which foreign banks are expected to play a significant part through con-versions of their debt into shares in the privatised companies. Rules on conversions, which the government hopes will lead to a significant reduc-tion in its foreign bank debt, should emerge soon, he says.

Brazil will open negotiations with international banks, including a proposal to address its arrears, on October 10.

Mr Gonzales Fraga was at the same event, organised by debt conversion specialists Singer & Friedlander and Eurinam, last year. He resigned over the issue of exchange rates at the end of last year, only to resppear in the spring after a four-month break. Now, as the central bank slims down its operations to focus solely on monetary conditions, he is among other things in charge

of foreign debt. Argentina (\$7.3hm in arrears) is paying the banks at the rate of \$40m a month, and says there are no plans to increase that. Mr Fraga says his country intends to write off 20 per cent of its \$60bm foreign debt burden through using debt conversions in privatisations currently in the pipeline, most notable that of Entel, the telephone monopoly. A further \$5bn could be erased next year through privatisations, he said.

It is well known that Mr John Major, the UK Chancellor of the Exchequer, is an ambi-tious politician. But he was surprised the other night to find out that he is likely to be bored once he has achieved his

This disclosure came as the Chancellor was having his palm read at the British Embassy cocktail party by Mrs Tricia Peters, the wife of Wash-ington-based radio journalist

Nick Peters. It was unclear whether the It was unclear whether the Chancellor's ambition related to his possible occupation of Number 10 Downing Street, Britain's promised entry into the exchange rate mechanism of the European Monetary System or his vow to cut inflation. Mr Major's style at these annual meetings is being con-trasted with that of his predecessor. His approach is cer-tainly more genial and less hurried than that of Nigel Lawson, whose bulky frame would son, whose pulky frame would sweep rapidly through the corridors of the DAF building, with Treasury officials strugging to stay in his alignstream.

Mr Major is more likely to amble. His aides, accustomed to burning the candle at both largest largest of the ends, largely because of the repeated rewriting of speeches insisted on by Mr Lawson, now find they have time to attend the occasional party.

By Po

Camp for Pa

# **AMERICAN NEWS**

# Guatemala watches its born-again general

Richard Johns reports on a law and order candidate who says he has God on his side

Montt was supremely confident after he seized power with two young officers in Guatemala in March 1982: "God had decided that I would become president," he Ousted nearly a year-and-a-half later, the born-again Christian member of the funda-

mentalist Church of the World sect clearly believes that divine right is still on his side even though Article 185 of the 1985 constitution specifically bars participation in elections of anyone who has been the author or beneficiary of a mili-Running neck-and-neck in

the opinion polls with Mr Jorge Carpio, candidate of the National Union of the Centre party, the charlsmatic Gen Rios Montt's hopes of competing in and winning the November 11 elections received a controversial and unexpected A seven-to-two majority of the Supreme Court granted

him a provisional injunction on September 12, allowing him to register as a presidential candidate after his application had been turned down by the Supreme Electoral Tribunal (TSE). Ironically Gen Rios Montt established this institution in preparation for a return to democracy shortly before his overthrow. As a result, the country of 8m-9m people has been thrown into a turmoil of

uncertainty.
Welcoming the decision the ebullient general confidently predicted victory in November. predicted victory in November.
Campaigning on a slogan of No
Venia (No Sell-Out), he is
backed by a loose alliance of
three minor parties among the
17 in Guatemala's constantly
shifting political kaleidoscope.
He needs an absolute majority
to avoid a run-off in January.
The latest polls commissioned



Rios Montt: a charismatic but controversial candidate

by the Chamber of Free Enterwith President Venizio Cere za's administration and his promise of a law-and-order crackdown. The latter message has particular appeal in the capital, which accounts for nearly 20 per cent of the population and where the streets are among the most dangerous in the world. Rapists would be executed by firing squad "under his government", he assured a press conference early in July.

by the Chamber of Free Enterprise showed 18 per cent favoured Gen Rios Montt and 17 per cent Mr Carpio. Mr Alvaro Arzu — a former Guatemala City mayor of the Party for National Advance (PAN) — and Mr Alfonso Cabrera of the ruling Chrisitian Democrats trailed with 9 per cent and 4 per cent respectively.

Although support for the nine other factions registering candidates is limited, taken together it could affect the outcome. No less than 39 per cent raud, Gen Rios Montt
claims, robbed him of
the presidential election
in 1974 – after which he was
sent to Madrid as military
attache. This view is now
regarded as justified by historicome. No less than 39 per cent of the sample was undecided and 29 per cent declined to say anything - a reflection of the climate of fear and the inscrucommate of hear and the inscrutability of the exploited indigenous community. No questions were asked in Mayan dislects in a racially divided land where 45 per cent of the population are estimated not to be able to speak Spanish, the official language.

cial language.

Gen Rios Montt's appeal derives from his attacks on the privileged elite, his criticism of alleged corruption associated

Guatemalan National Revolu-tion Unity in his policy of "beans and bullets". The human rights organisation Amnesty International reported the deaths of 2,500 peasants during the first six months of his regime as the country became increasingly He launched a vigourous anti-corruption campaign forcing senior officials to wear

logos on their lapels saying: "I don't steal, I don't lie, I don't abuse". He challenged the establishment in a country dominated by 50 land-owning families and the senior hierar-Backing for the ruling DC has probably been underestimated because of its strength in the countryside among the uncommunicative indigenous

people. The PAN, with its urban strength but also campaigning hard in the country-side, is definitely the dark horse in an electorate disillu-sioned by a brief flirtation with

"democracy".

As for the key dispute over whether or not the general should stand for office, Mr Arturo Herbuger Asturias, the head of the Electoral Tribunal, roundly condemned the Supreme Court's decision. Mr Mario Roberto Illesca Aguirre Nacion, the attorney-general, was equally quick in supporting the tribunal's view. It remains unclear why the Supreme Court manifestly vioin 1974 – after which he was sent to Madrid as military attache. This view is now regarded as justified by historians and analysts. Also widely accepted is his belief that Article 186 was inserted into the constitution to ensure his exclusion from future office.

In power, he behaved dictatorially, declaring a state of siege and waging a merciless war against the left-wing guerrilla factions united as the

Fear could well have been another consideration. The judiciary, once mainly the target of leftist guerillas, is now under constant threat from the "death squads" of the Right. The latter are backed by the army and the security forces to a large extent representing the 50 or so families controlling 50 or so families controlling the country's economy (5 per cent of the population are reck-oned to control 95 per cent of its wealth, according to one recent survey). Judges have also been infinitely susceptible

to subornation.

The formal legal battle is not by any means over yet, how-ever. A complicated process is now under way with a final word theoretically to be given by the Constitutional Court no later than October 10. But confusion reigns as to whether it or the Supreme Court is the ultimate authority.

o one has any doubt that the army will be the final arbiter. While the security forces continue to be the main violators of human rights, its hierarchy is intelli-gent enough to know that the day of the overt military dictatorship is over for the time being and the need for US eco-nomic support imperative. But temptations remain strong. The somewhat less than con-vincing return to democracy since 1985 has been conditional

since 1985 has been conditional upon the military's constricting blessing. Rumours of coup attempts have abounded since the last rebellion in May when some units, without sufficient support, mobilised against President Cerezo. Apprehension was last aroused on September 2 when he summarily dismissed General Juan Jose Marroquin Siliezar, then chief of staff.

The exercise in democracy

The exercise in democracy could well end in yet more blood and tears for Guatemals.

# 1 | Canadian Senate urged to block tax

By Bernard Simon

OPPOSITION to the Canadian government's proposed val-ue-added tax has been bolstered by a Senate committee recommendation to kill the tax and a piedge to fight it by the incoming government of Outario.

The Senate banking committhe Senate banking commut-tee, dominated by members of the opposition Liberal Party, called on the full Senate not to proceed with a bill approving the 7 per cent goods and ser-vices tax (GST), due to take effect from January 1. The enabling legislation has

already been approved by the House of Commons. The committee made its recommendation after lengthy bearings during which, it said, most witnesses opposed the

The proposal increases the likelihood that the government will try to ram the GST bill through the senate by packing the non-elected upper chamber with supporters, using an obscure clause of the British North America Act. Mr Brian Mulroney, Canada's prime minister, has filled 15 senate vacancies in the past

three weeks.

Mr Bob Eas, premier elect of Ontario, whose left-wing New Democratic Party won a surprise victory in provincial elections earlier this month, told an economic outlook conference yesterday that "this is the wrong tax on the wrong people at the wrong time".

Mr Eas, who takes office next Monday, said the tax would raise inflation at a time of weak economic growth. He would raise inflation at a time of weak economic growth. He criticised the indirect tax as an intrusion by the federal government on the jurisdiction of the 10 provinces, all but one of which already levy their own retail sales taxes.

The GST, now one of the hottest political issues in the country, is the final stage in a range of tax reforms started three years ago to make the Canadian tax system more competitive with main trading partners.

# El Salvador rebel declaration hints at imminent offensive

By Tim Coone in Managua

EL SALVADOR'S left-wing FMLN guerrilias yesterday urged a "democratic revolu-tion" to end the all-embracing power wielded by the military and the country's leading fami-

The FMLN declaration, signed by the top five guerrilla commanders, is seen as an ulti-matum to the government and a rallying cry for an imminent

It calls for the abolition of the army and the creation of a civilian-controlled public secu-rity force, for judicial, electoral and political reforms, for a broader agrarian reform and specific economic measures to improve the lot of El Salvador's poor. The document says: "Today,

more than ever, a national democratic revolution is needed to finish with the hegemonic political and economic power of the military and the big oligarchic families, to re-es-tablish the nation's sover-eignty and to create a lasting

we welcome the end of the Cold War, as it makes clear that our struggle is a north-south one, not an east-west one. This struggle

a reiteration of the FMLN's negotiating position, calling for a broad-based multi-party political system with guarantees of political rights for all it would be the basis on which the FMLN would lay down its

"We will never give up these principles... they are worth making peace for, and they are worth fighting to death for," the document concludes. The guerrillas have failed to

make progress in six rounds of talks with the government this year – the latest talks ended in deadlock last week in San José, Costa Rica. After the last talks, one FMLN leader said that "to make progress at the negotia-ting table, pressure will be needed now at the interna-tional level, and on the politi-

cal and military fronts at A big FMLN offensive last November paralysed the coun-try for two weeks. It was only beaten back by extensive use of helicopter gunships. The guerrillas are now believed to possess anti-aircraft

# **Dominican Republic** security forces on alert

SECURITY forces in the Dominican Republic have been put on alert to deal with expected outbreaks of violence during a three-day strike which begins today.

The increased security measures follow a series of bomb explosions at the weekend which left three people dead. The bombing and the planned strike follow increased tension in the Caribbean republic of 7m people, in the wake of increased economic austerity measures imposed by Mr Joaquin Balaguer, the president.

ident.
Ten people were killed last month and about 15 injured in violence which accompanied a general strike called by unions to coincide with the start of Mr

term in office and his sixth

term in office and his sixth overall.

The police say the bombs which exploded at the weekend were assembled by a "terrorist" group of students which intended further bomb attacks during this week's strike.

But the National Union of Revolutionary Students denied this, saying the bombs were planted at the Santo Domingo University by the paramilitary police.

polica.
The protests in the Dominican Republic have followed a 30 per cent currency devaluation, increased prices for food and fuel, and increasing inflation.

Economists expect the infla-tion rate to reach 100 per cent this year following 60 per cent

# Castro warns of job losses

PRESIDENT Fidel Castro of income sufficient to live on. Cuba was quoted yesterday as saying an economic crisis on the island could result in hundreds of thousands of unemployed workers in the capital, Reuter reports from Havana. But he said in an interview with the Communist Party newspaper Granma that not a single person would be "thrown on to the street" and each would be guaranteed an

President Castro has warned Cubans to prepare themselves for a siege economy if vital supplies to Cuba from the Soviet Union continue to fall

already introduced stringent

The resulting austerity measures could include closing factories. To offset a shortfall in Soviet oil deliveries, Cuba has

THE US Securities and Exchange Commission's powers affecting stock market activities, including programme trading, will be strengthened by a compromise measure agreed by Senate and House of Representative negotiators, writes Peter Riddell in Washington.

The agreed version includes provisions allowing the com-

provisions allowing the commission to prohibit programme

trading during periods of unusual market voiatility. This form of trading, by computer and involving the simultaneous purchase or sale of a large number of stocks, has been blamed for fuelling sharp falls in share prices, notably in October 1937 October 1987. The Bush administration had opposed such a measure

largely on the grounds that it

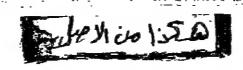
Congress compromises on SEC powers

programme trading, although the Senate version had not.

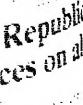
Both houses are expected to

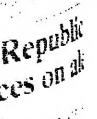
vote on the compromise mea-

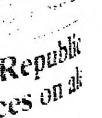
The new tax would replace a 13.5 per cent manufacturers' sales tax, widely regarded among the business community as discriminatory and becaused.











PREPARATIONS for next month's elections in Pakistan accelerated yesterday, as ousted Prime Minister Benazir Bhutto and her arch-rival, Mr Nawaz Sharif, former chief minister of Punjab, launched their campaigns.

Ms Bhutto and Mr Sharif are

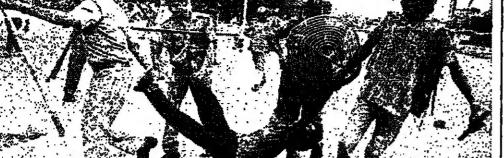
both widely tipped as candi-dates for prime minister if their parties win the October

elections.
Yesterday both visited their strongest constituencies, but their standing nationally will only become clearer in the coming weeks when they travel across Pakistan to areas

suburb where a large number workers live.

supporters riding in buses, trucks, cars and jeeps, arrived in Malir they were cheered by crowds carrying banners and

The electrical



Police take away the body of a student shot during rioting in New Delhi yesterday

# Indian violence escalates over caste-based job scheme

By K.K. Sharma in New Delhi

MR V.P. Singh, India's prime minister, yesterday came under pressure to reverse the government's August 8 decision to reserve jobs for low-caste people, as violence by student protesters escalated sharply in New Delhi and other

areas.
The scheme would reserve 27 per cent of government jobs for "backward" castes.

A cabinet committee met yesterday to take stock of the situation, after students clashed with police throughout the day in many parts of New Delhi following news that a student who had set fire to himself to protest against the government's decision had died in hospital.

At least two students were killed and scores injured by police gunfire, as army contingents stood by to maintain order. Buses and cars were burnt and rioting continued throughout the day. A general strike has been called for

Leaders of the opposition Congress party called for Mr Singh's resignation while the Bharatiya Janata party, the Hindu fundamentalist party that supports the National Front government, asked him to postpone implementation of

the job reservations scheme.

There was no indication last night that Mr Singh will change his mind. The only con-cession he has made is to ask Mr S.R. Bommai, the president of the ruling Janata Dal, to

hold talks with the students. Negotiations will be difficult for Mr Bommai to initiate. The widespread student protests are mainly spontaneous and, although some groups have been formed, there is no identi-fiable leader to hold talks with.

Mr Bommai also has no authority to take decisions that would be binding on the gov-

The violence in Delhi was matched in many other parts of the country, particularly the northern states of Haryana,

# S Africa township curfew condemned by ANC

By Philip Gawith in Johannesburg

sations have condemned the curfew which came into operation in seven Witwatersrand townships last night, with the South African Youth Congress encouraging defiance.

Police have said the curiew will be strictly implemented and they will act against large-scale vigilante attacks on offenders. The townships have been quiet for the past week so it would be a bitter paradox if the curiew, part of the "Iron Fist" operation announced by the government last week to stop violence in these areas, was to re-ignite disturbances.

Residents of Soweto, Diepmeadow, Dobsonville, Meadow-lands, Vosloorus, Katlehong and Thokoza face a maximum R1,000 (£205) fine or six months in jail if they defy the 9pm to

THE African National 4am curfew.
Congress and affiliated organi- The ANC said that they rejected the curiew which wa not aimed at the perpetrators munities. "We would not be surprised If the result of these

> ity secretary of the ANC-affili-ated United Democratic Front, said that if the state did not withdraw the curfew the UDF "might be forced to support the view that the curiew should be

defied". Police spokesman Major-Gen eral Herman Stadler said "these non-aggressive mea-sures are aimed at protecting defenceless, law-abiding residents and to ensure they sleep

# Israeli sell-off success

By Hugh Carnegy in Jerusalem

ISRAEL'S faltering privatisation programme chalked up a significant success yesterday when a slice of Bezed, the telecommunications proporty. monopoly, was successfully floated onto an depressed mar-ket in the higgest public offering ever made on the Tel Aviv Stock Exchange.

A package of ordinary shares and convertible debentures representing a 6 per cent stake in Bezeg was offered at a total price of Shk 151m (£38.4m). Institutional buyers had pledged in advance to take up Shk 91m, but when the balance was offered to the public yesterday morning it was oversubscribed by more than four

for the government. The offer was seen as a vital test of plans to privatise a other state com-panies through public flota-tions — notably El Al and the Israel Electric Corporation. The privatisation of big com

panies has been dogged by delays. Efforts to sell privately a controlling stake in Israel Chemicals, supposedly the privatisation flagship, have been held up by objections to pros-pect of the company falling into foreign ownership.

# Campaigns under way for Pakistani elections

By Farhan Bokhari in Karachi

where their parties are regarded as potentially weak.

In Karachi Ms Bhutto led a procession through Malir, a of industrial and agricultural

As Ms Bhutto's procession of

party flags, and Ms Bhutto was showered with rose petals. Ms Bhutto is scheduled to travel to Sind during the next few days - a province which is regarded as a Bhutto strong-hold - before addressing rallies in Punjab, North West Frontier province and Balu-

Mr Sharif began his campaign in Lahore by visiting a mausoleum of the Islamic Soofi Saint, Hazrat Data Ganj Bukhsh, Mr Sharif, accompan-ied by a large crowd of sup-porters, offered prayers for his Hazrat Data Ganj political party's success. He later addressed a large public rally in the nearby town of

Rumours that October's elections may be delayed are still common, despite yesterday's flowers and fanfares. However Mr Ghulam Ishaq Khan, Pakistan's president, and Mr Ghulam Mustafa Jatoi, the caretaker prime minister, have said repeatedly that elections will be held on time.

# Bad time for liberalisation in Zimbabwe

Tony Hawkins looks at the economic problems facing plans to ease trade curbs

in oil prices.

The blanket import controls, imposed 25 years ago, will be gradually replaced with an open general licence system and tariffs restructured over a five-year

Mr Bernard Chidzero, the finance minister, who admitted in his July bud-get that real incomes in Zimbabwe had fallen during his eight-year tenure, will island during his eight-year tenure, will liberalise other aspects of the economy too, decontrolling prices, interest rates and relaxing labour market controls. A start has been made – easing some price controls and allowing a partial return to collective bargaining within guidelines specified by the government. The odds are heavily-stacked against its success. A bizarre cocktail of the its success. A bizarre cocktail of the government's marxism and the economic conservatism inherited from Mr Ian Smith's Rhodesian administration at independence in 1980, has created a

highly-centralised economy. Accordingly, not only is there a lot to liberalise but also a reluctance to loosen the reins. Ministerial speeches on economic reform are larded with promises to "control" the process.

already reserves 22.5 per cent of government jobs for sched-uled castes (untouchables) and Just how much control became apparent last week when Mr Chidzero announced that just three categories of

Himachal and Uttar Pradesh, where the army was called in to maintain order in at least a

The country's constitution

dozen towns.

FTER MORE than three years of debate, planning and indecision, Zimbabwe's trade liberalisation programme is to be launched next week.

The timing is inauspicious: the balance of payments is deteriorating, inflation is on the rise, the budget deficit remains stubbornly close to 10 per cent of GDP and, as if that were not enough, Zimbabwe will be hard-hit by the surge in oil prices.

Imports – clinker for cement manufacture, textile dyes for the clothing industry and timplate and plastic granules for packaging – are to be available on open licence at this stage. Only registered importers will have access to the open licence system while Harare's idea of liberalising involves establishing a parallel licensing system at the Central Bank charged with monitoring open licence imports.

Freshipment inspection of imports is Pre-shipment inspection of imports is

also to be introduced. Thus liberalisa-tion will mean more rather than less bureaucracy with the authorities shift-ing control from how much is imported ing control from how much is imported under open licence to who may import. The government is not alone in its commitment to "controlled" liberalisation. Manufacturing industry, much of which grew up under monopolistic or quasi-monopolistic conditions and which argues that extensive protection will be needed while it re-equips itself to compete in world markets is equally wary.

by linking import licences to foreign sales have had some success, and Mr Chidzero last week announced an export earnings retention scheme of 5 per cent for agricultural and mining sales and 7.5 per cent for manufactured

But it will take years to overcome the combination of technological backward-ness, obsolete capital equipment, a shortage of skills and, above all, the complacency and inefficiency bred by a quarter of century of blanket protec-

It is now more than three years since the government accepted the principle

of what it calls "opening up" the econ-

omy.
To date, very little has been achieved. took Zimbabwe more than ten years to sign a bilateral investment treaty with the US. Newly independent Namibia did it in ten weeks. The much-vaunted one-stop investment centre launched a year ago has approved more than 2\$600m (£125m) of new projects, but at least two listed companies — Fal-con Mines and Central African Cables — have complained that its promise to give an answer within 90 days is not being met.

There has been precious little new foreign investment and recently Dal-gety became the latest in a stream of foreign companies to disinvest. Dividend controls are to be further liberalised in an effort to encourage newcom-

ers.
Estimates of the additional foreign exchange required to sustain the pro-gramme range from US\$1.5hm to \$3bn. To date only \$250m has been raised from the African Development Bank and the International Finance Corpora-

till more ominous though is Mr Chidzero's continuing failure to tackle the budget deficit. In 1990, 91 it will increase by more than 25 per cent to Z\$1.4bn (£292m) roughly 10 per cent of GDP.

In the past, the minister has blamed military spending in Mozambique, where 10,000 Zimbabwe troops are sup-porting the Frelimo government against the Renamo rebels, for the deficit. This year, he shifted focus, blaming parasta-tal subsidies which he said accounted

for 4 per cent of GDP.

Realism is in short supply, says local economists. Mr Chidzero has promised to tackle the parastatal deficit by privatising — a new word in the Zimhabwe political dictionary — or by simply letting them go to the wall. But the big subsidies go to the railways, the stateowned steel plant, to which government has committed massive investment in

has committed massive investment in an effort to turn it around, and to the agricultural marketing boards. Privatisation is a non-starter for most of these, nor can they be allowed to go The increased budget deficit, lowe

consumption taxes, and a 44 per cent rise in fuel prices will boost inflation. Nor is the monetary stance any tighter, in August, the central bank, gloomily forecasting money supply growth of 35 per cent and inflation of 25 per cent, moved to tighten credit, but interest rate increases were only marginal and real deposit rates remain substantially positive. Inflation is libely to average negative. Inflation is likely to average

at least 18 per cent this year.

Most serious of all is the balance of payments. Liberalisation is a non-starter without considerably more foreign currency. On current account the balance of payments swung from approximate balance in 1988 to a deficit

of Z\$185m last year.

Despite booming tobacco sales, the deficit will exceed Z\$400m this year due to lower mineral prices, the loss of beef exports to the EC (caused by the foot-and-mouth outbreak), and reduced cotton production. If trade reform is to work, Mr Chidzero will have to rethink his strategy in respect of both the defi-cit and inflation.



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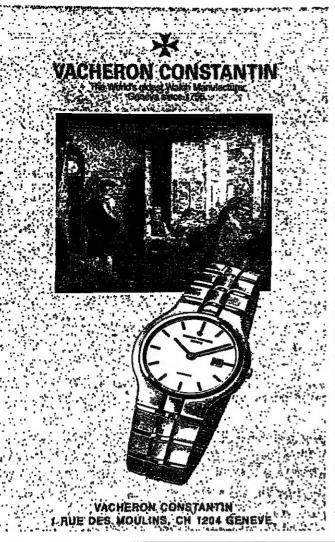
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#### Shadow ITC

# CHANNEL 5

#### EXPRESSIONS of INTEREST

The Shadow Independent Television Commission is inviting expressions of interest from those who may wish to provide all or part of the proposed new commercially-funded UHF television service,

The Broadcasting Bill, expected to receive Royal Assent later this year, will formally establish the ITC to replace the IBA and the Cable Authority from January 1991. The Commission will be advertising the Channel 3 (ITV) licences in the early part of next year with the intention of awarding licences in autumn 1991. It is envisaged that applications for a licence or licences to provide the Channel 5 service will be invited shortly afterwards. That timing will be influenced by the nature of the Channel 5 licence or licences which the Commission advertises.

To assist in its planning for Channel 5, the Shadow ITC is seeking ideas, within the framework of what is set out in the Broadcasting Bill, about the kind of service in terms of programmes, funding and

The submission of letters will not commit interested parties to bidding for a licence, nor exclude those who do not from subsequently submitting a licence

A document giving background information on Channel 5 and guidance on the type of information which would assist the Commission in its preliminary planning is available from the Secretary to the Shadow ITC, 70 Brompton Road, London SW3 1EY, telephone 071-584 7011.

Letters, which should not be longer than four pages should be submitted to the Secretary to the Shadow ITC by Wednesday, 31 October 1990 at the latest.

#### NOTICE TO SHAREHOLDERS OF SUNBELT HOLDINGS S.A. ered office: 7, Rue Pierre d'Aspelt -1142 LUXEMBOURG R.C. Laxembourg B 18113

eral Meeting of 15 June 1990 (adjourned to 13 July educe the share capital of SUNBELT HOLDINGS presented by 173,500 shares of no par value, the

The Board of Directors

#### INTERNATIONAL NEWS

# Sierra Leone promises changes

Richard Synge says austerity policies may bring multi-party politics

s this year's rainy sea-son eases off, Sierra Leoneans are hopeful of a bumper harvest but anxious about the wider economic and political prospects for their country. The rising price of fuel has already hit the trans-port sector, while the raging civil war in neighbouring Libpeace of this essentially law-ahiding society.

President Joseph Momoh's government is, however, put-

ting its faith in an increasing liberalisation of the economic and political structures, as the best way out of the stagnation and loss of direction that have blighted the country for more than a decade.

than a decade.

Now heeding the advice of the World Bank and western donors, the government has recently launched a far-reaching structural adjustment programme, designed to reduce the role of the state and to stimulate foreign investment.

The difficulties are immense. Corruption and mismanagement became endemic under the 17-year rule of the former

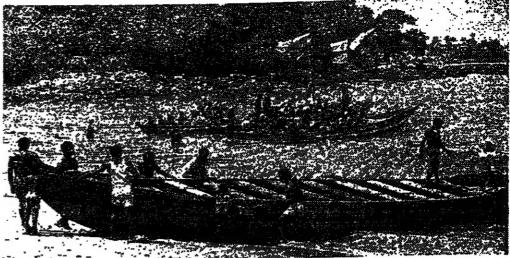
the 17-year rule of the former president, Siaka Stevens, who handed over power to Major-General Joseph Momoh, then army commander, in 1985.

The first years of President Momoh's rule were disappoint-ing to those who expected a new order in the economy. An new order in the economy. An International Monetary Fund (IMF) programme adopted in 1986 was abandoned after a few months. Subsequent draconian attempts to put an end to smuggling and the currency black market backfired badly, increasing rather than reducting the level of corrunties. ing the level of corruption.

The paradox underlying the problem is the immense economic potential of this small country of 4m people. It has vast reserves of both alluvial and underground diamonds well as gold, bauxite and a number of rare minerals. The land is fertile and capable of producing more food than the population needs, while the off-shore waters teem with fish.

But the absence of effective economic policies has led to widespread predation of resources, particularly the dia-monds and fish, by a combination of local and foreign inter-

Official exports in the 1989-90 financial year were a mere



Sierra Leone fishermen: illegal fishing costs the economy \$200m a year

\$150m, of which diamonds contributed a paltry \$18m and fish a negligible amount. Economic diamonds annually smuggled at around \$150m and that of fish taken by foreign fleets each year at over \$200m.

The collapse of government revenues in recent years has rendered the country incapable of servicing its relatively modest \$500m foreign debt. The IMP has declared the country ineligible for further borrowing while the World Bank and off nearly all assistance.

Against this history of economic decline and mismanage-

ment, Sierra Leone is now coming to terms with the need to restore its international credit-

Since January this year, Mr Tommy Taylor-Morgan (Finance Minister) – a (Finance Minister) - a long-standing critic of government policy from the private sector - has maintained the momentum of an adjustment programme. The national currency, the leone, was allowed to float in April, a move that has all but wiped out the currency black market. Import lic-ensing has been abolished and government monopolies in the the export-import trade are being curtailed. Preparations for a number of privatisations are now well under way.

Close advisers of the president say that the lessons of his first years in power have been learned and that he is now ready to face the harsh reali-



ATLANTIC OCEAN

ties of adjustment. In a recent interview in Freetown, President Momoh acknowledged that the programme would be painful and said "the political will is there. Other politicans either have to go with me or

The driving forces behind the programme are Mr Taylor-Morgan, Mr Abdul Rahman Turay (Bank of Sierra Leone governor) and Mr Ben Kanu (minister for industry and state enterprises).

Taking advantage of an IMF offer of a monitoring programme that would effectively reschedule the country's arrears of nearly \$100m to the Fund, Mr Taylor-Morgan has drawn up a policy paper which last month received both IMF and World Bank approval. It sets out a timetable of further tment measures covering the next three years.

The first hurdle will be a settlement of around \$9m in arrears to the World Bank, but if this is achieved there is a strong likelihood of a resumption of new Bank lending in the next two months. The first priorities will be the energy sector, agriculture, roads and

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social spending.
While the private sector has welcomed the policies adopted so far, the government's hig-gest challenge will be in chang-ing the attitudes of those who have thrived through the parallel market. The restoration of order into diamond exports is a particularly thorny issue, for many of the smugglers are alleged to have links with senior political figures.

President Momoh now faces the additional challengs of holding elections next year. While he has said the country is not yet ready to revert to a multi-party system — which was abolished when Siaka Stevens' All People's Congress (APC) became the sale party in (APC) became the sole party in 1978 – he has held out a promise of change. In a major speech to the APC central committee recently, he sugge an opening up of the electoral process, dropping a strong bint that the next election will be the last to be held under single party rule.

The implication is that this

will lead to a multi-party sys-tem; but President Momoh's priority is to ensure that political change will take place against a background of suc-cessful economic adjustment.

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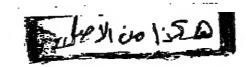
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was like any other night in the Bangkok Hilton (the real one - not the prison of TV series fame). In

Hilton (the real one - not the prison of TV series fame). In Ma Maison, the hotel's up market restaurant, politicians and businessmen were dining. Beyond the hotel's high compound walls Bangkok's notorious night life was in full swing. On the euphemistically called "expressway", a few hundred yards from the hotel front lounge, a truck driver with two big cylinders of liquid gas behind his cab — LPG is the main cooking fuel for the main cooking fuel for Bangkok's 8m-plus residents was turning outo the busy New Petchaburi Road.

In the next few seconds something awful happened. Some eyewitnesses claim the driver swerved to avoid a samlor (side-street taxi), others say the speeding truck driver sim-

Paul Taylor, Asia Business Correspondent in Bangkok, on the aftermath of an accident which left at least 44 dead

Whatever the immediate cause, the LPG tanker plunged into a row of 36 shop-houses and exploded, engulfing at least 34 cars, motorcycles, three wheeled tuk-tuk taxis and their occupants, many of whom were waiting at the busy New Petchaburi-Wireless Road junction just a few hundred yards from the Hilton and

the British Embassy next door. By the time I reached the hotel's front lobby - alerted by a deeply shocked westerner who had escaped from a car caught up in the inferno - I

could hear the sound of petrol tanks popping. Outside, at the end of the street, a whole block of small shops, the homes and advertising hoardings on their roofs were ablaze. It was, as the local English language papers said "a firehall". The fire, tackled by 100 fire-

engines, burned for several hours. At least 40 people, including the truck driver, are thought to have died and more than 100 were injured, mostly suffering from serious burns. The final death toll is likely to be much higher.

There is a very real concern here that the headlong eco-nomic growth experienced by Thailand has led to safety concerns being pushed into the background. In Thailand, the land of the "deal" as well as the "smiling face", money, and sometimes politics, often seem to come first. Regulations, where they do exist, are often

Vehicles are engulfed in flames in the streets of Bangkok on Monday night after an LPG tanker explode openly flouted. There are unconfirmed stories that bus, taxi and truck drivers take freely available (over-the-counter) amphetamines to stay awake and thereby boost their earnings. I

saw a truck two days ago with

a blown out tyre. Every single one of its six tyres was differ-ent, and all of them were bald.

In the booming construction

sector it appears that the need to finish a project on time — or boost profit margins — some-times leads to outright greed. As one cynic put it, human life is cheap while cement may be in short supply. In Bangkok itself the recent

collapse of three buildings under construction - causing eight deaths - has led to the call for tighter and more effec-

Japan's only nuclear ship tests its powers after 16 years in moth balls

tively enforced regulations. Often the cause turns out to be cement wrongly mixed on site, or another storey being started before the concrete has fully

set on a lower one.

Mr Bampen Silapa-archa, Thailand's Interior Minister, was quoted yesterday as saying that construction deaths have three main causes: "First,there is carelessness on

behalf of the builder, the engineer and the contractor's inspector. Secondly, with the chronic shortage of materials, workmen cut corners by using either substandard or lower strength items, such as smaller reinforcing steel rods or con-crete mixed with less cement and more water. And last, a cal responsibility by all con-

cerned that leads to less atten-tion being paid to details."
Certainly a recent spate of disasters appears to be pushing politicians towards tighter reg-ulations on health and safety. In the wake of Monday tanker accident, Prime Minister Chatichai Choonhaven has promised to limit LPG truck operating to limit LPG truck operating hours, tighten controls on shops selling LPG and on neon hoardings placed on roofs.

But in Bangkok, once called the "city of the angels", perhaps the most positive sign that public health and safety is now moving out the rolitical

now moving onto the political agenda comes from Democrat MP Dr Phichit Rattakul. He began a campaign two weeks ago, against the City's noxious air pollution — caused mostly by the cars, tuk-tuks and motorbikes that bring the city

# Hong Kong cracks down on illegal immigration

By Angus Foster in Hong

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HONG KONG is cracking down on illegal immigrants in a hid to stem the highest influx of illegal workers in ten years. The government has lifted the maximum penalty for employers found guilty of hir-ing illegal immigrants to three years imprisonment and a HK\$250,000 (£17,150) fine. The government is also introducing a special law aimed at construction sites, seen to be the worst offenders.

The new law is a severe blow to the construction sector. It is one of Hong Kong's leading industries and employs around 74,000 manual workers. According to some estimates, there could be as many as 2,000 illegal immigrants working on construction sites in Hong

The changes will raise costs and wages for the sector, which is also one of the worst hit by the colony's labour shortage. Some construction companies complain privately they could not compete with-

out illegal labour. Most of the immigrants are poor peasants from southern diplomat said. Their presence China. They are being tempted to risk crossing the heavily for-tified border by Chinese middlemen promising work on Hong Kong construction

Some of the immigrants have said they have been offered work on Hong Kong's HK\$127bn new airport, even though construction is not due to start until next year.

The government said the measures are necessary follow-ing a doubling in the number of illegal immigrants caught in Hong Kong from 40 to 80 a day.

The government is also concerned about the costs of keep-ing illegal immigrants in Hong Kong's prisons. More than a third of all inmates in the colony's jails are illegal immigrants caught working in Hong

 Inflation in Hong Kong remained steady at close to 10 per cent in August, govern-ment statistics show. The main inflation indicator stood at 9.4 per cent during the month, unchanged on July. Inflation in Hong Kong has been close to 10 per cent for over a year. Some economists fear the ffects of the Gulf crisis, not likely to be reflected until the September figures, will push inflation back over the 10 per

#### Li to testify at corruption trial

Mr Ronald Li, former chairman of the Hong Kong stock exchange, has decided to give evidence in his corruption trial underway in the colony's High Court.

Mr John Lloyd-Eley QC, counsel for Mr Li, confirmed yesterday that the former chairman would take the stand as part of his defence. Mr Li had not been expected to give

He has pleaded not guilty to two charges of accepting shares in Cathay Pacific Air-ways and Novel Enterprises, a knitting company, as a reward for helping or not obstructing the two companies' listing. The trial is now in its fourth week.

# JAPAN'S ONLY nuclear-powered

By Robert Thomson in Tokyo

ship, the Mutsu, once viewed as the future of sea transport for the energy-starved country, yesterday began a voyage in which the vessel's reac-tor could reach full capacity for the first time since its launch in 1969. The ill-fated Mutsu has been a public relations disaster for Japan's

nuclear industry, which is still recovering from a radiation leak

detected on the vessel's first test voyage 16 years ago, when the reactor was operating at only 1.4 per cent of capacity.

Japanese officials hope that the present round of tests, likely to last two weeks, will partly improve the image of the 8,242 ton vessel, which the government hoped would be the first of a fleet of nuclear-powered freighters designed to reduce the

country's reliance on oil. But even if these tests are a suc-cess, the Mutsu is almost certain to be retired next year after a planned farewell voyage around interna-tional waters. A spokesman for Japan's Science and Technology Agency, which has taken the Muisu out of mothballs this year, said that the government has no plans for the vessel to berth in foreign ports.

After the 1974 accident, local Japanese authorities refused to allow the vessel to dock, and it drifted at sea for 45 days. The crew tried various methods to stop the leak, and even applied a mixture of rice and borates prepared by the ship's cook in an attempt to slow the leak. The vessel, which has cost an esti-

6m) to develop, is now based in the northern port of

Sekinehama, where local fisherman agreed to accept its presence after the government agreed to pay them compensation of Y1.7bn and build a new port and a clubhouse for their co-operative. Science and Technology Agency

officials said yesterday that the aim of the planned one-year voyage is to collect data about the handling of the vessel in different sea condi-

The Mutsu has a pressurised-water reactor with a capacity of 36,000kW, a potential top speed of 16.5knots, and estimated range without refuelling of 145,000 nautical miles. Low-level testing of the reactor began last March after a 16 year delay, and the present tests will begin with output at 70 per cent

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# Hopes rise of Angolan

By Patrick Blum in Lisbon

Angola's 15-year civil war have risen following the resumption of talks in Portugal this week between representatives of the Angolan Government and Unita, the rebel movement led by Mr Jonas

Diplomats say there is a chance that the deadlock over details of any ceasefire could be broken in this latest round

be broken in this latest round of talks sponsored by Portugal and with the presence of Soviet and US representatives.

US and Soviet officials are not participating directly in the talks but remain "at hand" to provide "technical advice should that be necessary," a "tulumat said. Their presence that some progress may be

tight secrecy at an air force base near Sintra, are the fourth round of direct discussions between the two sides. The last round, in Lisbon in August, failed to make any headway following disputes over the two teams' level of representation and, more important, over the twin issues of a cessefire and recog-nition of Unita as a political

regards a ceasefire as the pri-ority with recognition to follow later after a revision in the country's constitution as part of a broader political set-tlement. "As long as the war continues, it is very difficult to solve anything," an Angolan diplomat said in Lisbon on

a global settlement and that recognition must come first, arguing that it has recognised de facto the ruling MPLA

two issues have been separated with the discussion reportedly focusing more on the technicalities of a cease-

The talks are expected to last for three days but may go on for longer if there is a chance of progress. Mr Jose Manuel Durao Baroso, the Portuguese secretary of state for foreign affairs, who has played an important role in helping to bring off the talks, has warned, however, against

The Angolan government

# settlement

The talks taking place under

The Angolan Government

Units has so far insisted on ce racto the runny MPLA gov-ernment and that it should be recognised in return as a legitimate political party by

In the current meeting, the

expectations of "spectacular results".

faces serious economic problems at home and this may encourage greater flexibility. Last Friday it announced tough economic measures including a steep devaluation of the Kwanza, the national

# Gaza demolitions allowed

ISRAEL'S Supreme Court yesterday gave the go-ahead for the army to carry out its controversial policy of destroy-ing Palestinian houses and shops in response to the burn-ing to death of an Israeli soling to death of an Israeli soldier in the occupied Gaza Strip last week, Hugh Carnegy

writes from Jerusalem. The Supreme Court over-turned an earlier court ruling, won by civil rights groups, which blocked the army from

demolishing more than 30

buildings along a road in the

Bureij refugee camp, where the

soldier was stoned and burned

in his car. The latest ruling permits the destruction of houses on condition that compensation and alternative accommodation is provided for the occupants.

Palestinians criticise the frequent resort to house demolitions by the army as a brutal collective punishment

The army argued that yesterday's case was an essential measure to improve security. Major-General Matan Vilna'i, commander of the Gaza area, said: "The immediacy of the action is vital to restore order to the entire Gaza Strip."

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# appeal for end to the Gulf panic

By William Dawkins in Paris

THE French employers organisation yesterday said the Gulf crisis had provoked exag-gerated economic worries and appealed to government policy makers and company leaders for calm.

The announcement, by Mr François Perigot, president of the CNPF, strikes a far less pessimistic note than the Con-federation of British Industry's recent warnings of recession. It comes on the same day as the release of official figures showing a slight improvement in the French jobless rate and a broadly static trade deficit. "We are today witnessing a crisis of confidence that is dis-

proportionate to the real state of the world's economies, barring any major incident," said Mr Perigot. The Gulf crisis had simply provided "a severe reminder of economic realities" after a period in which "we were comfortably in a growth phase and were surrendering

Businesses must accept the risks and continue to invest, said Mr Perigot. However, the French govern-ment had not done nearly

enough to help businesses cope with the rise in oil bills. The recent budget had increased taxes on profits on financial and property assets, while fail-ing to tackle several important business issues, such as the change of ownership in family firms, said Mr Perigot.

His relative serenity was backed up by yesterday's announcement from the Labour Ministry that the num-ber of people out of work in France fell by a seasonally adjusted 0.7 per cent, or 18,300 to just under 2.5m between July and August. Taken over a

MR Jacques Delors, president of the European Commission, yesterday voiced doubts over the depth of Germany's commitment to economic and monetary union in the European Com-munity, and called for a renewed commitment, Ian Davidson writes from Paris.

Speaking at a conference on German unification, Mr Delors asked: "Do the Germans really want economic and monetary union? Frankly, I sometimes won-der." Mr Delors was referring to reservations recently expressed by Mr Theo Wai-gel, German finance minis-ter, and Mr Karl Otto Pöhl, Bundesbank president.

year, the drop in the number of jobless rises to 1.7 per cent. However, the improvement is not big enough to make an impact on the overall jobless rate, unchanged at 8.9 per cent, the level around which it has been hovering for the past

According to provisional fig-ures from the customs directorate, the trade deficit expanded slightly last month to a season-ally adjusted Fr5.34bn (£534m), ally adjusted Fr5.34bn (£534m), as against FFr5.07bm in July. Given the irregularity of trada in the summer season, this is statistically insignificant. However, it does show some impact from the Gulf crisis, with a rise in the deficit on the energy account from FFr6.17bn in July to FFr7.59bn last month. It to FFr7.59bn last month. It brings the trade deficit to FFr23.2bn for the first eight months of the years, down on the FFr31.06bn recorded in the same period of last year.

# Spain tables proposal on 'Eurocitizen' rights

By David Buchan in Brussels

SPAIN has proposed the creation of the "Eurocitizen" an individual who would be able to reside, vote, and maybe even do military service in whichever of the 12 EC states he or she chooses - and in the big bad world outside have the right to diplomatic protection from any and all of the 12 Com-

munity governments.

The suggestion was put to its EC partners yesterday as they Rome this December in preparation for political union. Mr Felipe Gonzalez, the Spanish prime minister, has already come out in favour of "European citizenship" as a way of bringing Community membership home to the European-in-

the street. The Spanish proposal was presented to the group of Brus-sels ambassadors who are charged with preparing discus-sions on political union. It speaks of European citizenship as being "with economic and monetary union and a common foreign and security policy, one of the three main pillars of the European Union". At present, citizens of one EC state living in another state are no more than "privileged foreigners", it

says. Madrid's initiative brings together some ideas that have

already been proposed or floated, such as the Commis-sion's proposal to enfranchise all EC citizens in local elec-tions and the UK government's suggestion of an European ombudsman to champion indi-viduals' causes at the EC level, and one idea — common diplo-matic protection — that has been virtually translated into reality in Iraqi-occupied Kuwait.

EC embassies in Kuwait closing for lack of food and water have handed on to other EC diplomats staying behind the responsibility for protecting their trapped

However, for such EC co-operation to win foreign acceptance would first involve the Community replacing its member states as signatories to the Vienna convention on diplomatic representation, the Spanish paper concedes. Some aspects of the Spanish

proposal may well, therefore, get worked into a new treaty, despite the delicate issues For instance, the Commission's 1988 plan to enfranchise the 4m EC citizens who live in

an EC state other than their native one has drawn wide-

spread opposition, particularly

from Luxembourg.

# French employers | Moscow's 'terrible twins' deepen their rivalry | Sweden

THE terrible twins of contemporary Soviet power, Mr Mikhail Gorbachev and Mr Boris Yeltsin, are set once again for a death-defying dance between confrontation and col-

The sweeping presidential powers to control and dictate the process of economic reform, re-asserted by Presi-dent Gorbachev this week, could set him at loggerheads with Mr Yeltsin, president of the Russian parliament, and the popular politician who is the only credible alternative Soviet leader. Mr Gorbachev's move,

approved by an overwhelming vote in the national parlia-ment, has been instantly con-demned by Russian parliamen-tary radicals as a denial of

both democracy and republican sovereignty.
Yesterday, they threatened
to grant Mr Yelisin identical powers — over property, prices, wages, budgets, but also to create and abolish state structures — in order to counter the threat they see

from the centre.

And yet the presidential coup is aimed at the implementation of exactly the same radical economic reform - dena-tionalisation of the Soviet economy and a rapid transition to a market system — as that espoused by Mr Yeltsin and his

parliament. Moreover, Mr Gorbachev has bent over backwards to ensure that his presidential powers voted on Monday are little more than the powers he already had under the Soviet constitution, reinforced by a direct vote of the standing par-

In spite of the rhetoric, both sides in the Gorbachev-Yeltsin pact, sealed in August to promote the economic reforms, appear to have left themselves room for manoeuvre to keep the deal intact.

The Russian parliament has postponed its own start to the reform measures from October 1 to November 1, and called for talks to agree how it should be carried out.
Mr Gorbachev has invited

republican representatives — including Mr Grigory Yaviin-sky, the Russian deputy pre-mier most closely involved in

drafting the plan — to take part in finalising the all-union version by October 15. Although that is supposed to be a compromise between the radical Shatalin plan, and the much more cautious sovern. much more cautious govern-ment version submitted by Mr Nikolai Ryzhkov, the prime minister, the Shatalin plan seems certain to emerge as the

main component. The Soviet leader's closest advisers already have a major package of drastic stabilisation measures, including budget cuts, a credit squeeze, and the first steps towards disposal of housing, small businesses and other state property, ready for implementation.
Professor Nikolai Petrakov,

the president's personal eco-

rejected any suggestion that Mr Gorbachev was planning "a state of siege, or something like president's rule...the purpose is to implement rapid economic referm"

purpose is to implement rapid economic reform.

"It is very important, because on implementing a vigorous economic policy, some of the problems will have to be resolved in one, two or three days." He cited as examples "financial matters, changes in price formation policy, and budgetary policy".

Prof Petrakov expressed his astonishment at the Russian hostility to the president's

hostility to the president's powers. "It was a reaction based on rumours," he said. The extraordinary powers are needed (for the economic reform plan) and there is nothing behind it."

# Gorbachev rejects Solzhenitsyn call for Slavic state

PRESIDENT Mikhail Gorbachev yesterday firmly rejected the call by the writer Alexander Solzhentsyn for the dissolution of the USSE and cre-ation of a Slavic state — and then paid a remarkable tribute to the country's

most outspoken exile.

"He is, without doubt, a great man,"
the Soviet leader declared, while at the
same time insisting that he "resolutely
disagreed" with the views Mr Solzhen-

"Solzhenitsyn's political views are alien to me as a politician," he said. "He lives entirely in the past, the Russia of the former years, the Tsarist monarchy. This is unacceptable to me. I judge myself a democrat."

Soviet search

THE Soviet Union is looking for foreign partners to help it launch cellular communica-tions services across the coun-

try in what could be an impor-

tant test of its commitment to

introducing a market economy.

The Soviet telecommunica-

The Soviet telecommunica-tions industry has, until recently, been run on a strict monopoly besis and there are currently no cellular phones. The phone system is also in a poor state with only 40m phones installed in the entire

Mr Yuri Gulyaev, chairman of the Supreme Soviet's tele-communications commission,

told a Financial Times Confer-

ence in London yesterday that

foreign participation would accelerate the growth of Soviet

the West are considered an addition to the basic phone

system, could in the Soviet Union be an attractive alterna-

tive to installing ordinary fixed communications, he said.

The Ministry of Communica-tions last month called for ten-

ders to supply cellular commin-

nications services. About 10 licences, for different regions of the Soviet Union, would be

Moscow is following other east European countries, such as Hungary and Czechoslovakia, which have already formed joint ventures with for-

eign companies to supply cellu-lar services. The Soviet market

is potentially much larger than

any of these. Mr Gulyaev said

there could be between 10m and 15m cellular users by the

end of the century.

awarded, Mr Gulyaev said.

Cellular phones, which in

for telecom

partners

By Hugo Dixon

However, the very fact of Mr Gorba-chev's statement, delivered to the Supreme Soviet in Moscow, and broad-cast in full on Soviet television last night, was a clear recognition of the deep chords of Russian nationalism touched by Mr Solzhenitsyn's 16-page political testament, which was pub-lished last week in two national news-nanors.

years of Communist Party rule, and called for the three Slavic republics – Russia, the Ukraine and Belorussia – to form a new Russian Union. He also criticised multi-party democracy, and called for the creation of a political system based on village councils, and a

ruling Duma of professional classes The document was published with the financial support of the Russian parliament, headed by Mr Boris Yeltsin.

"The article, and the author's personality, call for a serious analysis." Mr Gorbachev said, revealing that he had read the article in full, two times. "I am seized by very contradictory feel-ings... As a Russian, I fully share con-cern for the destiny of the Russian people, for the destiny of Russia.

"But at the same time, I cannot agree at all with Solzhenitsyn's attitude to other ethnic groups. According to the mildest evaluations, this is a disre-spectful stand. All Russian people have in their genes a vision of their country with all its magnitude, vastness, the multitude of languages, cultures and aspects. It is all of us who constitute

the population of this country."

However, the Soviet leader's comments were notable for their concentration solely on Mr Solzhenitsyn's desire to dissolve the union, rather than on his violent attacks on Communist Party rule, and his echoes of 19th cen-tury Slavophiles in hankering for a

commune-based society.

For all its often reactionary tone, the Solzhenitsyn manifesto has become a major talking point in the country, above all in the Slavic republics, at a

# Bulgaria's ruling party compromises on reform

By Judy Dempsey

BULGARIA'S ruling Socialist (former communist) party has failed to rally behind the plat-form of radical reform, instead re-electing Mr Alexander Lilov as its chairman.

as its chairman.

The outcome of the vote, which was taken in the early hours of yesterday morning following a stormy BSP congress, is likely to lead to a formal split in the party when its more radical factions meet later this work.

later this week. In the event of such a split, the opposition Union of Democratic Forces might be percratic Forces might be per-suaded to join a parliamentary block with the breaksway socialists which would under-mine the BSP-dominated gov-ernment and add to the politi-cal instability in the country. Mr Lilov, who replaced Mr Peter Misdenov as party leader Peter Mindenov as party leader last February, proved ineffec-tive in dismantling the gargantuan communist bureaucracy. His lukewarm commitment to reforms were sharply criticised numerous delegates called for his dismissal.

resign, Balkan caution pre-vailed over risk. Mr Lilov was re-elected and four leading formers were voted off the 151-member ruling Supreme

However, centrists managed to oust orthodox communist officials from the leadership. These include Mr Petar Mlademov, who was forced to resign as President in August, Mr Dobri Dzhurov, the former defence minister, and Mr Bel-cho Belchev, the finance minis-

The composition of the Supreme Council was largely engineered by Mr Andrei Lukanov, the prime minister who, despite his pro-reform views, remains determined to keep the party intact.

But since the elections last comfortable majority, internal bickering about the pace of change has prevented the party from capitalising on its election victory.

"The congress has solved nothing," a Bulgarian journal-ist commented. "The political uncertainty is far from over."

#### Workers laying asphalt in front of the Brandenburg Gate in preparation for German unification celebrations on October 3 When Mr Lilov offered to Shevardnadze blesses the Mediterranean security plan

By Peter Bruce in Paima, Majorca THE Soviet Union yesterday

enthusiastically endorsed a joint Spanish and Italian proposal to create a permanent Conference on Security and Co-operation in the Mediterranean (CSCM), despite considerable Western scepticism during its launch earlier week.
Mr Eduard Shevardnadze, the Soviet foreign Minister, in

a message to a Conference on Security and Co-operation in Europe (CSCE) follow-up meet-ing on the environment which is meeting in Palma, said the CSCM ideas "undoubtedly merit attention". Delegates from the US, West Germany and Britain had ear-lier expressed doubts about the

plan, suggesting it was too

ambitious. France, one of the key Mediterranean powers, is also opposed to Italian hopes that a CSCM could include the Middle East and wants it contained to southern Europe and north Africa. But Mr Shevardnadze said

that in order to mount a CSCM, "it will be necessary to concentrate the political, mate-

rial and intellectual resource of all the countries concerned". Spain, Italy, France and Portugal, and the five Maghreb states are to meet in Rome on October 10 to try to agree on a common CSCM proposal. If achieved, this could then lead to the formation of a preparatory committee of senior offi-cials before the end of the year.

# looks to the EC for its future By Robert Taylor in Stockholm

SWEDEN will be a full member of the European Community by the middle of the 1990's, if the country's opinion makers

have their way.

Speaking to his ruling Social Democratic party Congress earlier this month Mr Ingvar Carlsson, the prime minister, painted a highly optimistic pied of the control of the ture of Sweden's future in a post-cold war Europe. He said that Sweden's traditional neutrality no longer bore the "same heavy burden" now that a new European security sys-tem based on the 1975 Helsinki

accords was emerging.
Mr Carlsson declared that
the Social Democrats wanted to see the new Europe become a home of social justice and solidarity, not "a battlefield for the big companies and primitive capitalism."

Over recent months the prime minister's own attitude towards the EC has undergoise a distinctive change, and he is not alone in this respect. Offi-cially, the government line is to negotiate a European Ecoto negotate 2 European Robert the EC and the European Free Trade Association (Efta). The goal is to have the EEA in place by January 1 1993, to coincide with the completion of the EC single market. Back in 1988 the creation of a 19 nation EEA with free movement of goods, services, capital and labour was regarded by many in Sweden as an alternative to EC membership. But over the past two years corporate Sweden has become an enthusiastic EC supporter with an aggressive mergers and acqui-sition strategy and an outflow of capital into the EC. Last month Mr Pehr Gyllenhahammar, Volvo's enormously infin-ential chief executive, came out openly in favour of EC

entry.
The country's politicians too are catching up with the eco-nomic realities. Increasingly, the EEA is being seen as a negotiated transition stage for the Efta states in their conver-gence with the EC and not as an end in itself.

At the same time, the dramatic course of events in Europe in the last 12 months the collapse of communism and the unification of Germany — have undermined much of whatever credibility Swedish

neutralism previously enjoyed.

The major opposition parties

the Moderates and the Liberals - want Sweden to apply next general election, which takes place in September 1991. Their enthusiasm for EC entry has not hurt their standing in polls, which show that together they are more popular than the Social Demogration than the Social Democrats.

Many Swedish union leaders
believe the EC internal market still lacks a credible social dimension and is dominated by the demands of business. But even they accept that the rapid internationalisation of the Swedish economy has sharply narrowed the scope for national political solutions and they are beginning to realise that the momentum pushing Sweden towards the EC may be irresistible. They are also beginning to realise that a clear majority of Swedes believe their country will be inside the EC by the end of the

# Italy prepares for fresh offensive against the Mafia

THE Italian government was last night preparing fresh measures to strengthen the anti-Mafia efforts of police and magistrates after an extraordinary call to arms by President Fran-

In a letter to the presidents of the two house of parliament, the Minister of Justice and to

CDC wants to raise your interest.

The interest that comes with a good return on

the magistrates' ruling body, Mr Cossiga claimed that recent Maña murders culminating in the assassination last Saturday of a Sicilian magistrate had tragically confirmed the extraordinary state of the administration of justice The situation, he added, risked making the country's

institutions appear "weakened, if not really compromised".

The President called for stronger co-ordination between the police and the magistrates and more resources. This is the fourth time in as many years that concern has exploded about the lack of effectiveness in dealing with the Mafia.

£150m, around 4,500 new permanent jobs and

While President Cossiga's position makes him the titular head of the magistracy and requires him to voice public concern on important issues as a Christian Democrat he would also be worried about

REOCCUPIED with its the growing speculation about his party's electoral growth in many Mafia regions. co-investing produced total new investments of





# US reaches out to hesitant Europe

John Wyles on Washington's desire for a new Atlantic alliance

own search for deeper political and economic integration and struggling for an adequate response to the problems of eastern Europe, the European Community does not yet seem to have lent a full ear to the insistent messages from the Bush administration about the need for a new trans atlantic partnership. To some government

messages may sound like the echo of a familiar tune played by the Kennedy administration by the Kennedy administration of the early 1960s, lyrically inspired by the idea of the EC standing beside the US as a "twin pillar" in a new global alliance. Unfortunately, the music quickly went flat because the Community then was far too immature and politically differentiated ever to measure itself against the US in a world dominated by the Cold War confrontation of

two superpowers.
Everything is now chang except, perhaps some Euro-pean attitudes towards big ideas like a "global partnership" with the US. The Community has already achieved an impressive degree of eco-nomic and political integration and is aiming for still more.
The Soviet empire in Europe
has dissolved and the military
threat much diminished, while the US's own financial capaci-ties to play a lone leadership role have been vividly exposed by the Gulf crisis.

The strength of desire in the

administration both for



Community was an extraordi-narily striking feature of a con-ference in Annapolis organised last weekend by the American **European Community Associa-**The tone was set by Mr Rob-

The tone was set by Mr Robert Zoellick, chief adviser to Mr James Baker, the US Secretary of State, whose thoughtful and calculatedly rousing after dinner speech argued the "need to unite Europe and the United States in a common approach to the chellenger of enveronce. to the challenges of our genera-

The bespectacled mustachioed Mr Zoellick did much to clarify thinking behind Mr Bush's call in May 1989 for new mechanisms for consultstion and co-operation on global political issues" and Mr Bak-er's subsequent floating of the idea of a US-EC treaty in Ber-lin last December. He postulated the possible

development of three quite dif-ferent Communities: insular and "akin to a large Switzer-land"; itinerant, which means engaged around the world but autonomously and "without much interest in new, durable alliance ties for this new era"; or an international Europe "cognizant of its capabilities nd responsibilities". The Bush administration is mambiguously urging the lat-ter, conscious that to achieve an international Community,

an international Community, the 12 must take longer steps towards political integration in both foreign and security poli-cies. Previous US uncertainties about whether a stronger Com-munity was really in the Amer-ican interest have been set aside and Washington is hop-ing that a framework agree-ment will be signed in Novem-ber affirming common values with the EC and more intense consultation as a potential first tep towards a treaty. In the closed sessions of the

conference, Community offi-cials believed that the EC was ready to grasp the outstretched American hand but its capacity for genuine partnership would be limited until further steps were taken towards monetary and political integration. Other participants were more scepti-cal, wondering whether the forging of new links between the EC and Efta and of the agreements with the countries of eastern Europe promised no more than a desper Eurocen-

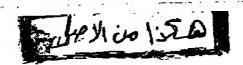
Deeper doubts emerged in discussion. Though President Bush's more consultative style in dealing with his European allies was unanimously appre-ciated, would the common val-ues stressed by Mr Zoellick be a sufficient give for a Euro-American partnership no longer held together by a common external threat? Will not the resolution of trade and monetary disputes become even more difficult when nei-ther side continues to feel that the other is crucial for its secu-

Could Europe ever be sufficiently "international" and of one mind on global issues such as energy, the environment and regional problems such as the Middle East to be a valu-able partner for the US?

Even if it was, would not conflicting political interests and unpredictable Congressional behaviour make policy coordination laborious and frequently impossible?

Everyone was agreed that there is too much turmoil in the Soviet Union to make any prediction about its impact on

prediction about its impact on the transatientic relationship. This supported a general conclusion, however, that the EC and the US ought ultimately to aim for an institutionalised partnership with its own place in the future European architecture However the question tecture. However, the question was left uneasily hanging can Europe find the degree of unity and, above all, the political will to give substance to such a



to

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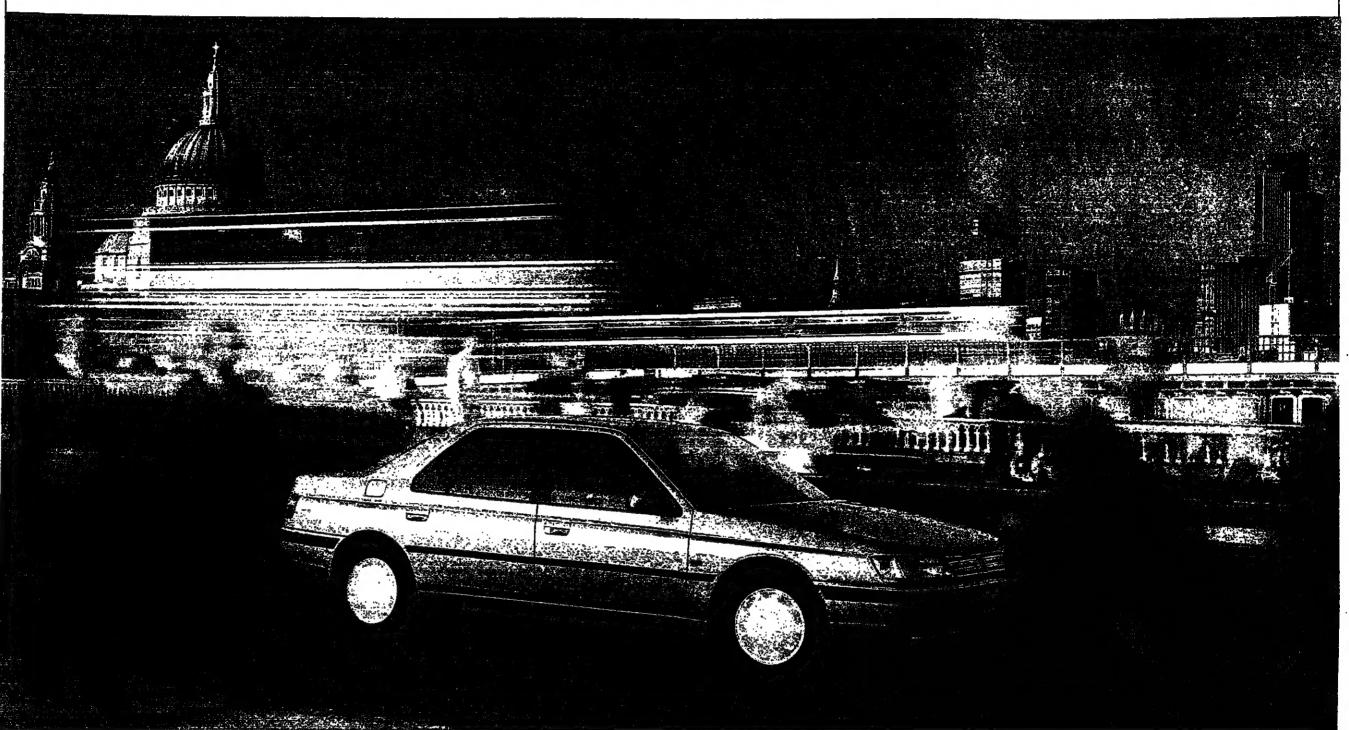
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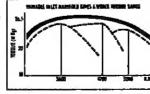
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#### POLICY PROPOSALS FOR THE ENVIRONMENT

# Vision unveiled of a green and pleasant land

By David Thomas and John Hunt

PEOPLE concerned with the environment will recycle a quarter of their household vaste, drive more fuel-efficient cars, use freezers and other appliances which cut energy use by up to 50 per cent, live in quieter neighbourhoods and burn at least some electricity generated by wind and other

That is the vision of a greener Britain unveiled by the publication yesterday of the government's policy document

on the environment.

Two qualifications run
through the document's 300
pages, which deal with topics
ranging from global warming to the preservation of Britain's cathedrals.

First, the government has been generally mute on how targets such as those for recycling will be met. Second, it has postponed until safely after the next general election most decisions on new initia-tives — particularly where they would involve legislation or increase inflation through

higher taxes or charges.
For these reasons, the document has the feel of a discussion document. Despite its length, it is largely devoted to initiating debate, rather than announcing conclusions. Mr Chris Patten, Environment Secretary, recognised as much yesterday by stressing that the policy document was "not the last word" on the Govern-

He was more reticent about another thread which seems to run through the document - its careful determination to avoid all commitments that would be controversial.

Mr Patten pleaded the con-

straints of the annual public spending round yesterday for



Back to his roots: Chris Patien, the environment secretary, reads his plans for Britain

refusing to estimate the impact of the policy document for Government spending. The fact is that the few new initiatives in the policy document would seem to have negligible spending implications.

Leaks during the preparation

of the policy document suggested that Mr Patten had lost many of the battles with fellow ministers, particularly over energy and transport. Concerned not to exacerbate either inflation or preparations for electricity privatisation, the policy document rules out taxes to encourage the more efficient use of energy "for the next few years.

The important exception is the transport sector, where the

policy document talks of changing the taxation of fuel and vehicles in a bid to encour-age people to seek greater fuel economy, although the docu-ment is vague about the timing or nature of such changes.

The government appears to have tried to disguise the rela-

tive scarcity of new commit-ments in the policy document by repeating almost every decision of recent years which has any bearing on the environ-ment. Many of the points which the Environment Department chose to highlight yesterday - including a £28hn programme to improve water quality and the commitment to curb emissions of greenhouse gas, the main cause of global

year 2005 - are old. When asked about new commitments, Mr Patten pointed to a programme to improve energy efficiency and to pro-tect the countryside. They are relatively small beer compared with the expectations which were raised when the proposal

for the policy document was first made. Even the much-discussed vogue for using market incentives, such as taxes and charges, rather than the traditional regulatory approach to curb pollution receives only a cases, the policy document commits the Government merely to continue examining such charges. "Administrative controls (regulations) will for the foreseeable future remain at the heart of Britain's system of environmental control," it

says.

Nevertheless, the policy document gives a crisp account of the five principles which the Government intends to use in developing environmental pol-icy: base action on fact not fan-tasy; be prepared to take precautionary measures even if total evidence is lacking be open with information to the public; pursue international co-operation to solve global problems; use a variety of instruments, both regulatory and market-based.

Perhaps the most significant in this list is the Government's clear statement of the "precau-tionary principle," a touch-stone in international environ-mental negotiations.

"The Government will be prepared to take precautionary action to limit the use of potenscient to him the use of poten-tially dangerous materials or the spread of potentially dan-gerous pollutants, even where scientific knowledge is not con-clusive, if the balance of likely costs and benefits justifies it." the policy document asserts.

Ministers will be nominated in each Government department to be responsible for its environmental policies. A new ministerial committee under Mr John Wakeham, Energy Secretary, will oversee the drive for more energy efficiency, including in Govern-ment departments.

But the Government remains committed to voluntary meth-ods for many of the initiatives heralded in the policy docu-ment, such as household waste recylcing and energy labelling for domestic appliances.

# Government delivers its 300 page blueprint for the future

FT writers analyse details of today's policy document and the implications by sector

INDUSTRY: The policy document leaves the UK motor industry and drivers with the suspicion that something painful on the taxation front may be in prospect for larger, less fuel-efficient cars - but they must wait until next Spring's Budget, writes John Griffiths.

The document says the government has already introduced market-based measures to encourage more environ-mentally "friendly" and eco-nomical motoring through reducing the tax advantages of company cars, higher petrol duties and cheaper unleaded fuel and says it will "consider whether these measures need to be supplemented by any fur ther changes in the taxation of fuel and vehicles which might encourage people to seek greater fuel economy in their

Given the thunderous tones in which Mr Chris Patten, the environment secretary, denounced high-performance "gas-guzzlers" at the Interna-tional Motor Show in Birming-ham last week, the wording of the clause was viewed almost with relief by the industry. Two areas of possible action

suggested themselves to the industry last night - higher fuel duties ar a differential road fund licence structure discriminating in favour of eco-nomical cars, as practiced in some Continental countries like Italy.

to introduce "measures to improve the enforcement of speed limits", pointing out that cars and trucks are at their most fuel-efficient when running in free traffic at moderate

Absent from the document is any specific Government aid to courage the adoption of catalytic converters - which clean up 90 per cent of exhaust emissions — between now and the beginning of 1993, when all new cars produced must have

The government is allowed, under EC rules, to offer financial incentives for motorists to adopted several years ago in West Germany, where most cars sold are fitted with them.

On the wider transport front, the policy document provides encouragement to local authorities and bus operators to adopt measures to improve traffic flow through cities, and thus improve the attractive-ness of the bus as transport. It also commits the government

TAXES: Proposals to introduce a spe-cial tax on fuels such as coal, oil and gas to cut their use and improve the environment have been shelved by the government in the policy nt, writes John Hunt. It makes it clear that a car-bon tax on fossil fuels which

emit carbon dioxide - the main contributor to global warming - "will not be introduced in the next few years."

However, the white paper makes an exception in the case of transport and says that further taxes on fuel or vehicles may be needed to encourage

the use of fuel-efficient cars. The tax was one of the main proposals put forward last year by Professor David Pearce, special adviser to Mr Chris Patten, the environment secretary.

Mr Patten is considering

increasing charges to indus-tries such as chemicals and steel making for discharging polluting substances.
He will to discuss these proposals with the Pollution Inspectorate and the National

Rivers Authority. The new system would introduce a system of "incentive" or "full cost" charging intended to penalise pollution and reduce emis-

The government will be commissioning studies into the fea-sibility of such a scheme. A scheme is also being exam-ined to reduce the amount of aircraft noise from airports by

making noisier aircraft pay more in landing charges. Some airports aiready do this. The core of the government's philosophy is that "the polluter pays". In line with this, it is considering the introduction of levies which a customer would have to pay on an item that is difficult or costly to dispose of

" ENERGY: Anyone worried about mounting fuel bills has more to fear from the Gulf crisis than from the government's environmental strategy, writes

David Thomas.

That is the clear message from the decision to rule out "for the next few years" a tax to raise the price of energy perhaps the most important single means by which govern-ment could tackle key environ-mental problems like global

"In the immediate future the reduction of inflation is of overriding importance," the policy document says in expla-

The need to avoid further complications to the already controversial privatisation of the electricity supply industry also influenced the decision not to tax carbon emissions. But Mr Chris Patten, envi-

But Mr Chris Patten, environment secretary, hinted that energy taxes may be back on the agenda after the next general election: "in the longer term, energy prices will inevitably have to rise," he said.

Meanwhile, a £6bn investment programme by the electricity industry to tackle acid rain was given particular prominence by Mr Patten.

The UK electricity industry, however, does not regard itself

however, does not regard itself as committed to this figure.

the 55bm "programme" appears in the privatisation prospec-inses of the electricity compemies is still far from settled. On global warming, the government is relying on two main methods to deliver its already announced target of stabilising emissions of carbon dioxide, the main greenhouse

gas, at 1990 levels by the year · First, renewed stress on energy conservation and effi-ciency, which has waxed and waned in ministerial attention

during the past decade.

The role of the government's Energy Efficiency Office will be expanded, possibly through more grants to companies to save energy.

 Second, more stress on renewable energy sources, such as wind energy and waste burning, which have tradition-ally been treated as fringe ctivities by the Department of

Energy.

The policy document announces a target of 1,000MW of new renewable electricity generating capacity by the year 2000 – a tenfold increase over current renewable capacover current renewable capacity (excluding Scottish hydroelectric plant).

THE LAND: Farm-ers who run paintgun war games in their woods or build huge barns without planning permission may soon face constraints, writes Bridget Bloom. On the other hand, landowners may soon be able to contract with individuals or local authorities

to protect beauty spots. These are among the ideas for integrating "green' con-cerns into existing policies on agriculture, forestry and wild-life conservation.

Otherwise, the new environ-ment policy for these areas as revealed by the policy document is primarily a compan-dium of existing measures.

Officials privately admit that lack of new resources from the Treasury is the chief reason for this, as well as problem ting new environmental schemes through the European Community bureaucracy in

The policy document hints at two areas where it would like

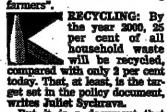
farming. Under an EC scheme, hill livestock farmers receive substantial production aids which are in danger of leading to overgrazing the idea would be to switch some of these for heather and other hillside con-

Also, the five-year old Environmentally Sensitive Areas (ESAs), popular with conserva-tionists for encouraging tradi-tional farming methods, are being reviewed and, while there is no commitment in the policy document to go beyond the present 19 areas, this seems likely were funds to become available.

33827

er estat.

The government, meanwhile, says it intends to 'green' the unpopular 'set-aside' scheme for surplus arable land and to mount "an intensive campaign in 1991 to encourage greater farmers'



But it is a document that offers little specific grist to the recycling enthusiast's mill. While the government plans to encourage recycling where economic-it will rely on existexplaints - it will rely on exist-ing schemes such as recycling banks and pilot "recycling cities." It will also count on the willingness of industry and local authorities to come up with new schemes, rather than on new or stringent legislation. Those teeth that the paper

has it owes to the Environme tal Protection Bill, which is in the final stages of its passage through Parliament.



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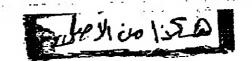
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Britain's trade unions face steady decline in membership

# Unions try to avert financial crisis

Poll reveals new awareness of PR voting

catching up."

2 300

LEADERS of the Trades Union Congress will today discuss how to stave off a financial crisis by cutting paperwork and possibly eliminating some of its 30 committees. They will consider ways of saving same and by the and of 1900

£400,000 by the end of 1992.
The TUC, which represents
Britain's largest unions, has
fallen into deficit because of the steady decline in its membership since 1979. It had been facing financial deficits of £1.2m this year and £1.9m next year unless it cut services to its 78 union affiliates.

The general council will discuss a proposal from Mr Nor-man Willis, TUC general secretary, that it should concentrate on priorities such as helping unions boost recruitment, and

yesterday suggests that pro-portional representation has

risen in importance on the

UK's political agenda, with 45 per cent of those questioned supporting its introduction for

elections to the House of Com-

The survey, carried out by Mori for the Electoral Reform

Society, showed that alightly more than 60 per cent of those

questioned said they knew

"just a little" or more about

By Alison Smith

widening the agenda of collec- fell by 247,000 to 8.4m. New tive bargaining

This could imply reducing the work of or winding up-some of its committees cover-ing industries and subjects such as public enterprise. The 18 industry and advisory com-mittees met 150 times last year. and 994 documents came up for consideration.

TUC leaders have already agreed savings of more than £900,000 in 1991 and a further cut of £400,000 in 1992 through staff savings. It needs to cut the workload as it reduces its staff by about 10 per cent through natural wastage.

The workload on TUC staff has built up despite the fall in

membership · last year the

TUC's affiliated membership

in a similar poll last year.

Among supporters of the opposition Labour Party, Mori found that 55 per cent were "PR-knowledgeable" and that proportional representation for Westminster elections instead of the Caractification of the Cara

stead of the current first - past-

the-post system - was favoured by a majority of more than six

to one within that group.

Mr Robin Cook, the opposition spokesman on health, said

the poll showed that on elec-

AN OPINION poll published than half of those taking part

commitments include the TUC's special review body on the future of union organisa-

The TUC has maintained a traditional bureaucratic struc-ture based around the general

Committees chaired by union leaders prepare policies on a wide range of issues from the arts to race relations and international affairs.
Mr Willis, however, wants

the TUC to concentrate on a smaller range of tasks.

He says the general council "may take the view that there is little prospect of some industry committees" undertaking tasks which deserve priority. tasks which deserve priority.

Mr Willis says many union

More than 30 resolutions and amendments in favour of

a review of how MPs are elected have been tabled for next week's Labour Party con-

Party officials have empha-sised that, in spite of the com-mitment to electoral reform

for other elections, the system

for voting MPs to Westminster

ference in Blackpool.

will not be changed.

Labour Party. It is time for the said they knew something Labour Party to do some about proportional representa-

leaders are worried by the amount of paper that is cur-rently presented to the TUC He wants shorter agendas

and some documents not to be

distributed to all committee

He suggests the priorities should include: helping unions-boost recruitment; widening collective bargaining; develop-ing a new framework of industrial law; and pressing the "social dimension" of the European Market.

After the general council has agreed priorities today, detailed proposals for cuts in the TUC workload will be con-sidered by its finance and general purposes committee at a special meeting on October 15.

tion (71 per cent), more than

two thirds, supported a reformed system for elections

to the Commons.
Mr Jimmy Airlie, chairman
of Trade Unionists for Elec-

toral Reform, said: "This poll highlights the dangers of trade unions wielding their block votes at Labour Party Conference without discovering the views of their members."

He called on all unions to

# BRIEF

BRITAIN IN



# Gulf crisis 'unlikely' to hit growth

The Gulf crisis will not stop the UK economy growing fas-ter in 1991 than in 1990 even it

ter in 1991 than in 1990 even it escalates into a military conflict, according to a report published yesterday.

Business Strategies, an economics consultancy, considers the sectoral and regional implications of the crisis under two scenarios: the first is that the economic blockade is that the economic blockade continues through 1991 and oil prices average \$31 a barrel, and the other envisages mili-tary conflict and oil prices hitting \$60 a barrel.

While both scenarios will dent UK economic growth, the crisis is "unlikely to result on this occasion in the steep declines in output" experienced in the last two oil price thocks.
The UK is a major producer

of energy, the underlying health of the economy is sound and the international effects will be less severe this time round, the consultancy says.

#### Ad agencies to merge

TBWA and Holmes Knight Ritchie, two London advertising agencies, are continuing the consolidation in the UK advertising industry by merging their operations.

The new agency, TBWA/ Holmes Knight Ritchie, will

Holmes Knight Ritchie, will have billings of around 270m which should place it among the 30 largest UK spendes.

TBWA London is part of the privately-owned French marketing group of the same name which has operated in the UK since 1970. The agency, which produced the first Government anti-AIDS campaign, has been searching for a partner for some time to expand its presence in the UK.

HKR, which works for Grolsch lager and the Bristol & West Building Society, recently bought back 25 per cent of its equity from Wells Rich Green, the US agency which has joined forces with Boulet Dru Dupuy Petit of France.

#### Warning on single market

Living standards and jobs in the new single European mar-ket could be hit by red tape, a Government minister warned. The benefits of the market, including investment, could be put at risk if employers are burdened with unnecessary legislation, according to Mr



Forth: 1992 warning

Eric Forth, the junior employ-With the advent of the sin-

"With the advent of the single European market and the spur to greater business efficiency, higher output and more jobs this will provide, the last thing we need in the Community is unnecessary regulation that will add to employers' costs and reduce the prospects for investment and jobs.

"But that is the risk we see "But that is the risk we see

with a number of the Commis-sion's proposals for legislation in its social action programme such as the recent proposals to regulate part-time and tempo-rary work," Mr Forth told a London conference on amploymort law.

#### **Green Party** resolution

THE Green Party ended its four-day conference in Wolver-hampton after backing a resolution that British and American troops be withdrawn from the Gulf, and demanding the introduction of proportional representation.

The Green Party is the only national party backing with-drawal from the Gulf. An emergency resolution called for immediate negotiations with Saddam Hussein and con-demned any form of military conflict in the Gulf.

The party supported the UN policy of trade sanctions and said these must be maintained until Iraqi forces withdraw from Kuwait

#### Economy to 'decline'

The UK economy will decline in the 1990s largely as a result of lack of attention by the government to bolstering the depressed regions of northern England, according to a new

report.

The study, by the PA consulting group and Cambridge University's department of land economy, predicts unem-ployment rising to 2.6m by the end of the century.

Most of the job losses

likely to be concentrated in the poorer parts of the country in the north and in the big

Industrial cites.
The report, which says overall UK growth will slow from
2.9 per cent a year in the 1980s to 2,2 per cent annually in the 1990s, reinforces the current gloom about the outlook for

the UK econo It also calls for a new state-led approach to regional policy and demolishes the idea that the gap in living standards and in business expansion between the north and the south has narrowed.

#### New code for Isle of Man

Greater investor protection and a new code of practice is planned for investment businesses operating from the Isle of Man according to a consulta-tive document issued yesterday by the island's Financial Supervision Commission. Last year the Isla of Man, a

self-governing Crown depen-dency of the UK which lies between the British mainland and Ireland, became the UK's first offshore island to obtain designated territory status under the Financial Services Act. This permits marketing of Manx-based collective invest-ment schemes into the UK. Granting the status indicated the UK authorities' satisfaction with the island's regulatory sysProposals in the document set out for the first time detailed regulations for the

Most aspects of investment business are covered and the new codes seek to lay down objective standards and tests for licence holders.

#### Brussels survey on maternity

The government announced that it is to canvass the views of employers and unions on a European Commission draft directive which would give new rights to working mothers including a right to 14 weeks maternity leave.

Mr Michael Howard, employment secretary, said the government secretary.

ment secretary, said the gov-ernment accepted the law should protect pregnant women at work but the Com-mission proposal seemed "to go much further than is either necessary or sensible".

#### Fears over legal system

Thousands of people are losing their homes every year because they are intimidated by the legal system, according to the County Court Advisers Group, a new national advice group launched yesterday. It said tenants and house

owners often failed to recognise they have strong cases against eviction by landlords or building societies and must be given better advice. The group's chairman Mr Christo-pher Carstairs, a London lawyer, said: "Some people are so afraid of the county courts, so intimidated by legal jargon and procedure, they convince themselves they have no rights."

#### Equity backs Japanese star

Mr William MacDonald, the producer of a major new mul-ti-racial Biblical musical has won his battle to cast a Japa-nese star in London. But he has been told he can-

But he has been told he cannot have the Japanese understudy he also wanted for Children of Eden. The show is
already in rehearsal in Londun's West End and in due to
open at the end of the year.
Equity, the actors' union,
says Hiromi Itoh may apply
for a work permit from the

are

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ser
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pited,
oid
is.

for a work permit from the Home Office but understudy Kumiko Miura may not.

#### proportional representation, as compared with alightly less The survey also showed that among trade unionists who toral reform "Labour support-ers are way ahead of the consult members support a review of voting systems. FT CONFERENCE: WORLD MOBILE COMMUNICATIONS Industry finds most calls miss their target

By Hugo Dixon

THE FACT that most phone calls do not get through to the person they are intended for came under scrutiny yesterday on the second day of the Finan-cial Times World Mobile Communications Conference in London. Speakers estimated variously

that only between one in five and one in three calls were completed successfully. The rest were not answered, were answered by the wrong person, or ended in an engaged signal. Mr Scott Jones, chairman of Boston Technology, a US voice

messaging company, said voice messaging - a sophisticated type of answering system - was the answer. He said the fact that people could leave mea-sages and retrieve them when they wanted to improved productivity, ensured that the

right message got through, and cut frustration. "Voice messaging does away
with messaging does away
with written phone slips and
many memos," he said.
Mr David Lewin, a director of
Ovum, a UK telecommunications consultancy, said one
answer could be "personal"

numbers". People would alert the phone network to where they were either by punching in a code or using a computer-ised credit card and would then be able to make and receive calls as if they were at home or office. Mr Lewin believed that mobile phones would be a more attractive option to customers than personal numbers, if the handsets

ore pocket-sized. Mr Lewin said there would be great attraction in a third service, which he described as "portable numbers." The idea would be that people and busi-nesses would not have to change their phone numbers if they moved home or office. Ten million people change phone numbers in Europe each

year, he said. The average business valued its ability to keep the same telephone number at about \$1500 (£802) a line.
Mr Andrew Sukawaty, chief
operating officer of Unitel, one
of the UK's three personal communications networks, said

that PCN would in the long run overcome the difficulty of being out of contact.



Businessman is a businessman is a husinessman is a businessman.

customers in the 80s. Now the age of the stereotype has come

That, in a nutshell, is how we viewed our

Emerging is a far less predictable indi-

vidual. One whose needs vary just as much. whether he or she happens to be in busi-

Enough of philosophy, here's the beef. Together with a few enlightened partners, we're now busy building a network of airlines, hotels, and other services that will

embrace the world.

As well as your needs, no matter where you are.

You may well want every conceivable service on your trip. Or maybe you relish the idea of travelling quite unassisted.

So be it.

The whole point is we'll let you decide what you need, and when you need it. Individual is an individual is an individual is an individual.



hen General Elec-tric of the US bought a majority stake in the Tungsram lighting company of Hungary late last year, the move was generally regarded as a coup. For \$150m, GE got the market share in western Europe that it had been seek-ing for years and control of Hungary's best large manufacturing company. By moving so quickly, moreover, GE avoided the political controversy that began to surround privatisation as the Hungarian parlia-

mentary elections approached. Tungsram remains, and looks likely to remain for a while, the largest single foreign investment in Hungary. The company retains an advanced research department, an established brand name in the West and, by virtue of its international orientation, has escaped the worst of commu-nist central planning. After the company was

nationalised post-Second World War it remained a Hungarian flagship and pride in it and something of its spirit still survives, The main Tungsram complex in north Budapest is no gleaming corporate head-quarters. But drive back tothe city centre past dilapidated fac-tories and Tungsram shines in

comparison. Although Tungsram is a lewel, it is a flawed jewel. No Hungarian company could have detached itself entirely from an industrial culture in which employment and raw output took precedence over profit, and political lobbying was more crucial to success than the quest for markets. State ownership had left a legacy of bogus accounts, a bloated workforce, activity without function or focus and

rigid working practices.
GE's only consolation is that these flaws do not go to the heart of Tungsram and there are few Hungarian companies one can say that of.

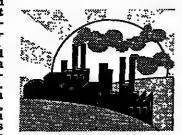
Disillusion has set in. GE managers say that they have found nothing that they did not expect. But the daily encounter with 40 years' worth of encrusted habits seems to have left the Americans daunted and frustrated. More seriously, the slow pace at which the company is being transformed has demorshad Hungarian employees and many of the best are leaving

many of the best are leaving the company.

On some criteria, the Tungsram acquisition is already a success. The company's 7-8 per cent share of the \$2hn West European lighting market adds to GR's 2 per cent to make the

Nicholas Denton begins a series on East European companies with potential by examining Tungsram, the Hungarian lighting producer

# A flawed jewel impatient to enhance its lustre



EASTERN PROMISE

group the fourth biggest by sales, although still a long way behind Philips and Osram. George Varga, whom GE brought in as chief executive of Tungsram, is frank about GE's Tungsram, is mank about the s motives. "West European mar-ket share: that was reason one, two and three." Every other advantage he describes as a "kicker." Of Tungsram's \$300m-a-year sales, \$120m-worth go to western Europe. The company's low labour The company's low labour costs - wages are a tenth of the level of those in the US and long experience with incandescent lighting (simple light bulbs) and car headlights allow it to undercut Western rivuls in these markets.

Tungsram's strengths complement those of GE, Varga cannot cite a single instance where GE and Tungsram are

Varga judges the purchase a success for other reasons too.
"It is one that is not going to lose money and it is one that has given GE an image of a company that takes chances, a company that is dynamic." GE has been able to run advertisements in the US saving that it ments in the US saying that it is "proud to be part of Hun-gary's brilliant future"; press coverage, until recently, has been extensive and favourable. Varga indulges in some self-congratulation: "We were quick, we acted at the right time and we got one of the jewels. There are not many Tungarams in this country."

Besides the initial strategic move, which was inspired, GE has not done much. The agreement to buy 50 per cent and control of Tungaram was made last November but Varga only took up his post in early Febru-

ary. He was the lone American until May when seven GE managers began to arrive and take over departments. At that time, Varga admitted that nothing much had changed at

Even now at the end of the summer, he does not boast of much. "You don't just get your hands on a company of 17,000 people that had a 40-year history of a certain kind of thing and walk in there and say any summer the say in everything is going to change.

People's capacity to absorb
that much change is just not
there." So far, GE has made David Harrison, the finance

director, has been able to replace some of Tungsram's expensive Hungarian borrowings with export financing. Economies of scale in purchasing have reduced costs. Pro-ductivity improvements have been obtained by the simple expedient of a cut in the workforce. A freeze on hiring and an early retirement scheme have reduced the number of employees from 18,000 in January to 16,500 now and is nned to be 15,500 by the end

GE will invest \$20m this year in Tungsram, more than it expected. But on the manufacturing side, Varga admits, it will take time for progress to register. "Without GE coming in with some fresh money and credit lines and without get-ting rid of 2,500 peo-ple...Tungaram would have lost a lot of money," says

Varga.
As it is, a marginal profit of F1300m (\$5m) is forecast for this year, with expanding sales to western Europe compensating for declining Rungarian and East European markets. But the GE effect has not filtered down yet to the bulk of the employees. Much of the problem is one of communica-tion. For instance, Varga and Gary Weber, deputy chief executive and vice president for technology, are simplattic that Tungaram's research centre will be maintained and even strengthened. Weber mentions, persussively, that research in



Hungary costs one fifth of that in the West. He says that if GE were planning just to have a Mexican-style low-cost manu-

facturing operation "I would not be here."

But the company's research-ers are still convinced that GE intends to drain Tungsram of its original technology and concentrate research work in

It is understandably difficult for seven GE managers personally to transmit a new approach to 16,500 Hungarian employees. "There used to be a company newspaper every Friday which used to take the party line. We now use that for ages to employees: what are we doing, how are we doing, where are we going, what are the plans," says

Varga.
"We know nothing about what they plan, what they want," answers Miklos, a

research engineer. The Tungs research engineer. The Tungsram newspaper reflects the views of the Americans and has nothing about what employees say, he adds. "I never read it," he says.

The gap is large, too, between the expectations of employees and the extent to which they have been fulfilled. "The Hungarians expected

"The Hungarians expected us to do a lot, a little sooner, says Weber. But action for its own sake is against the GE

philosophy, he explains. "Let's not do anything stupid" is the motto. It is not a motto appropriate to miracle makers. I thought that if an Ameri-can came here he would blow on everything, but nothing has happened yet," Miklos says. In his own and associated departments, the way of working remains "typically Hungarian", he complains, because no one has been forced to change. Younger employees like him-

self. Miklos thinks, would like the Americans to be more dras-tic, because then the salary increase might be more drastic too. "Something should hap-pen," he says, even if that something is bloody. The reduction in the work-

force has been gradual and has a long way to go before it reaches Varga's long-term tar-get of 10,000. Most employees are aware of this but not of whether their own jobs are safe, so insecurity is pervasive even among those whom the company would like to keep. The perverse effect is that some of the most dynamic employees are leaving, not in droves but in greater numbers

than before.

The company's training programme has contributed to the resentment. Advertisements were placed in Hungarian newspapers inviting applica-tions for a two-year training programme but people from the company who wanted to apply were told that existing Tungsram employees were excluded. No reason was given but it seems likely that this is one way GE hopes to attract new blood. After the two-week summer shut-down many production workers did not

Unemployment is still low enough in Budapest, Tungsram's main base, for alternative employment to be easily available. Moreover, Tungsram pay has increased no faster than average. The price of Varga's villa — Ft4am according to the cheek of the contract of the con ing to the story which does the rounds - is contrasted with the Ft6,000 which a woman on the line earns in a month.

The exodus has been most noticeable among Hungarian managers. The Americans save their compliments for research ers and workers, and have lit-tle regard for the organising ability of the staff they inher-ited. It is in management that the Americans and Hungarians have most contact and that the clash of cultures is most acute. Again, it is some of the best

people who are leaving.
Harrison, the finance director, was at the end of his tether after having learnt that another two of his staff were resigning. "I was just about ready to pack it in and head

But as Hungarians and West-erners adapt to each other, and expectations of each other become more realistic, the frus-trations will become less intense. One thing is sure: if it is a long process for Tungsram, a Hungarian industrial jewel, it will be a longer one for Hun-

# Mark of quality in marketing

**By Simon Holberton** 

Service and quality are shaping up as two of the most important sources of competitive advantage for business in the 1990s. Ensur-ing high levels of both are tak-ing up more and more man-agement thought and time.

A few companies have appointed "quality directors", executives charged with monitoring the organisation's achievement and maintenance of quality. Conferences for managers about issues of qual-ity and service proliferate as do books, both good and bad, on the subject

on the subject.
With notable exceptions, however, the quality challenge has been taken up mainly by manufacturers. A decade ago a manuacturers. A tecaute ago a standard of quality was pro-duced for them, BS 5750, the British quality standard. Relating it to other business functions, such as marketing. sales and customer service, has, however, proved difficult. Is it possible to have a BS

5750-type standard for for such areas of business activity? A service launched this week answers this question in the

affirmative.

It is called Marketing Quality Assurance (MQA) and it is the first organisation to confer on companies a BS 5750-type mark of excellence in the area of marketing, sales and customer assurance. MQA, which is owned by P-E International, the UK listed management consultancy, has entered into a co-operative arrangement with the British Standards Association which will promote MQA and train its asses-

In accordance with the

requirement of the National Accreditation Council for Cer-Accreditation Council for Cer-tification, MQA will appoint an independent chairman and governing body who will have the responsibility for ansuring the impartiality of all MQA assessments and activities. Ian Griffith has been appointed director of MQA and be save director of MQA and he says the company hopes to have its chairman and governing board, consisting of recognised professionals in the fields of

professionals in the fields of marketing and quality, in place by the year end. Griffith has been involved with the initiative for the past four years, while P-E became involved a little over a year

ago. He says it has been well received, especially by chief executives who are keen that ideas of quality and service are infiltrated throughout the

company.

The specification is highly detailed – in outline, it cov-

ers:

• Business plans. Companies
must be able to show that marketing was and is involved in
the development of their busi-

ness plans.

Review of market needs. A clearly defined process must exist for identifying and re-assessing customer needs and

Marketing sales and operations. The specification calls for the best practice in all operational areas, including product development, promo-tion, pricing, selling and dis-tribution.

Customer assurance. The assessors will examine explicit and implicit customer assurances to determine if they are being satisfied.

being satistice.

Resources, personnel, and training. The MQA standards require that organisations employ well trained and experienced staff. Their responsiveness to the needs of the mar-

ket place will be assessed.

Documented quality system.
It is an essential requirement that companies have the capability to measure their own performance in meeting their

Griffith says that companies will have to pass all the speci-fication's requirements before they can gain accreditation. they can gain accreditation. He envisages the process taking from four to nine months and costing £8,000 to £12,000 excluding the £500 application registration fee.

If successful, a company will be able to display the MQA logo as proof of it meeting the standard of a quality provider of marketing, sales and cus-

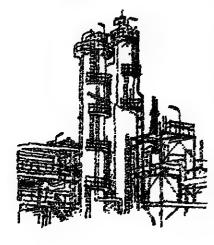
of marketing, sales and cus-tomer service. After accredita-tion a company will be visited at least at six-monthly interat least at six-monthly intervals to see that it is maintaining standards. In the event that it does not, MQA may withdraw the company's right to use the MQA logo.

Marketing Quality Assurance. Park House, Wick Bood, Egham, Surrey, TW20 OHW.
Tel: (0784) 480952; Fax: (0784) 480957.

400



# MTBE leads the way to an unleaded future.



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Neste began production of MTBE Finland back in 1980, and was one of the first to develop this environmentfriendly, high-tech component and incorporate it in advanced gasoline blends. In addition to its own pro-

duction, Neste is a partner in a number of international joint ventures. One of these, in Saudi-Arabia, is already in operation, while new plants are soon to come on stream in Malaysia and Canada. Neste is currently one of the world's leading producers of MTBE.

Oil and chemicals. Neste's core business areas. Neste's refining operations extend all the way from crude oil to plastics. Neste Oil is the largest refiner in the Nordic region, its refineries are among the best-equipped in Europe for producing low-sulphur products meeting today's high environmental and customer standards. Neste is also involved in various international oil exploration and production projects, and is one of the world's leading oil traders.

Neste Chemicals produces an extensive range of thermoplastics, petrochemicals and resins. Neste Chemicals is now one of Europe's leading producers of polyethylene and polypropylene, and among the top ten sup-pliers worldwide.

Neste Corporation also includes Neste Shipping, Neste Gas, and Neste Advanced Power Systems, NAPS, a specialist in solar and wind power systems.

Research carried out by Neste's R&D units in a number of product sectors has won international recognition. Neste is, for example, one of the world's leading developers of

conductive polymers.

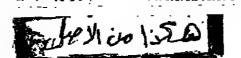
Our commitment to total quality

and dynamic product development is aimed at bringing our customers the maximum possible benefit.

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For further information, please contact: Neste Oy, Corporate Head Office Communications Department P.O. Box 20, SF-02151 Espoo, Finland tel. +358-0-4501 telefax +358-0-450 4798





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# What would you call a company that has developed environmental solutions for over 200 blue-chip clients? We call it Raytheon.

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Completed in 1984, the largest clean air retrofit in the world, for the Arizona Public Service Company, was delivered 20% below budget and on time.

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Seven years after the launch of the government's "duopoly" policy, Mercury Communications' failure to make any significant impact in the local phon a market is regarded as a blg disapp vintment. Large busine customers 1 tow have a choice of car-rier for long distance calls, but ordinary residential customers usually have little option but to stick with BT — something which in turn means the dominant company has little

incentive to improve its service But can anything be done to change the situation? ()r is local telephony a natural monopoly, with a single net-work enjoying such powerful econo-mies of scale that only the most extreme forms of tilting the playing

field to help nev competitors could curb BT's domina at influence? Observers see competition coming from two quarters. The first is the cable television communications.

Roth the Communications.

Both the Department of Trade and Industry and the Ciffice of Telecommunications, which are jointly conducting the duopoly review, hold out great hope for personal communica-tions networks, a new mobile commu-nications service licensed last year. PCNs differ from cellular communications systems in that they operate in a higher frequency band (LSGhz) and have a shorter range (1km), but otherwise are much the same. Three operators have been licensed to provide PCNs and are expected to launch their services in two to three years.

The idea is that PCN will compete not only with cellular communications but will eventually, perhaps by 1997, be able to compete with BT's fixed networks. People would not need a copper wire going into their homes, if they could have a small telephone which they could pop in their pockets and use anywhere.

Others point out that since the PCN technology is not really different from cellular, and cellular calls are about four times as expensive as calls over BT's ordinary network, the prospects of competition are dim.

of competition are dim.

This argument misses two points.

First, it ignores the way that technology is changing relative costs. The main costs of installing a fixed network are digging up the roads and putting in copper cables. The main costs of a mobile network are radio been stations and the hand sate base stations and the hand sets.

There seems little prospect that the cost of digging up roads will decline over the next decade. Advances in micro-electronics and radio technology, however, should lead to lower costs for mobile communications.

Second, the current 4:1 price advan-tage of the fixed network is an exaggeration of its underlying cost advantage, because prices are not the true reflection of costs. BT, for example, Hugo Dixon asks whether British Telecom's monopoly of local phone services can be broken

# Competition comes calling

half what it ought to for providing them with local telephone lines, and the cellular operators are making a hefty margin on phone calls made over their networks. An analysis of Racal-Vodafone's accounts shows that it would still be making a profit if it cut its prices by a half.

Competition should drive prices closer to costs. On the one hand, as BT faces more competition in the long-distance market it will press ever more vigorously to be allowed to put up its local line charges to compensate for cuts in long-distance rates.
On the other hand, as the PCN operators compete with the cellular networks, they will drive down the rates for using mobile phones.

Personal communications networks, however, are not the only mobile technology vying to compete in local communications. Another technology is cordless telehony. The UK's experiment with

Telepoint, which involves putting

ADVANCES IN technology not only open up new possibilities for introducing competition in the UK telecommunications market but also provide new weapons for preventing British Telecom from abusing its dominant position to squash its

The two key advances are the replacement of old-fashioned analogue exchanges with digital or computerised exchanges, and the move towards "intelligent networks". The introduction of digital

exchanges means that it is easier to connect multiple networks together. In particular, digitalisation makes it more practicable to introduce a system known as "equal access". With equal access, users dial one code if they wish to use BT for their long-distance calls, another for Mercury, and yet others for any

However, it will not be until the early years of the next century that BT has completed its digitalisation programme, meaning that it could take more than a decade before equal acress is available on a nationaride s is available on a natiouwide hasis. Moreover, some observers have argued that BT might even have an incentive to go slow on its

base stations in public places and allowing people to make phone calls if they are within 100 metres of them, has so far been a disappointment. But supporters of the underlying technology, known as CT2, argue that it could be an attractive alternative for local phone calls if the Telepoint oper-ators were allowed to offer incoming services instead of being restricted to

carrying outgoing calls.

Two new applications, in addition to the Telepoint approach, are foreseen. One would involve putting cordless switchboards in offices and issuing employees with pocket phones. A second application would involve A second application would involve putting the same cordless switch-boards, which should be on the market within the next year, in the street. People living in that street would be able to dispense with their BT wires and use the cordless phone instead.

The real believers in cordless telephony are use that all three applicaphony argue that all three applica-tions will reinforce one another,

digitalisation programme as a mesoa of holding back the competition. The introduction of intelligent

allowing people to use the same hand-

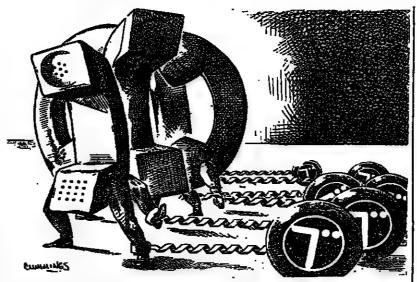
networks is a two-edged sword, as they could be used to close markets to competition as easily as they could be used to open them up. The idea is that by locating much

of the intelligence in a communications network in centralised databases rather than in exchanges new services could be introduced quickly and at low

BT has already used the concept of the intelligent network to Isonch an advanced freephone service, Other ideas include: virtual private networks, which would give companies the feeling that they were operating their own private network although they were using the public infrastructure; and alternative hilling services, which would, for example, allow people making business calls from house to charge their offices.

The regulatory question is who

The regulatory question is who should control the centralised databases. One argument is that it may not make sense for most intelligent network services to be operated in a competitive environment. For example, it makes



set in the office, at home, or in the street. Others, however, point out that the short range of CT2 - only 100 metres - limits the technology's application to the office environment. The average length of a BT copper wire is 1.2 kilometres, meaning that a technology such as PCN might be

considered more suitable.

Another interesting idea is that mobility could be provided within the fixed network. The idea is that people would have a smart card, a credit-card containing microchip, which they could slide through a terminal when they reached a new location, so alerting the network to where they were. This approach is being developed in Scandinavia by Televerket, the Swed-

sense to have only one database containing telephone numbers — if there were several, they would either be exact replicas of one another or, if not, people would not know which one to call to find the right number. It might, therefore, be argued that BT would be the natural company to own and operate such databases.

Against this, it is possible that some services, such as credit card billing, could be operated in a competitive environment. Also, even in a case like numbering, BT might not be the most efficient company to operate such a national resource d it might use its control of the database in an anti-competitive

One way of dealing with these problems would be for regulators to define rigorously technical interfaces between the telecommunications exchanges and the databases, and between one database and another. This would then open the way for competition on those survices which were susceptible to competition and for other services to be contracted out to the lowest cost/highest quality

ish phone company, and Ericsson, the Swedish telecommunications manufacturer. Televerket argues that smart cards would be the first stage in the move towards personal communications. In the second stage people would be able to buy small pocket phones which would connect with the fixed network by radio links, so giv-ing them complete mobility. The advantage of such an approach

is that there would be a single united network, with radio being just one way of accessing it. Televerket argues that this would allow prices to be much lower than the current cellular systems, because there would be no need to have an entirely separate

mobile network. The snag is that this prognosis, while neat from an engineering perspective, does not take account of commercial factors. Mobile communications is growing at a rapid pace throughout the world, in response to a real demand from consumers for mobile. So, the end of the century, mobile communication. mobile communications networks are projected to have grown to such an extent that they could be almost the same size as the traditional fixed network - in which case the idea of starting again and adding mobility into the fixed network might seem

rather perverse.

Nevertheless, the approach outlined by Televerket could appeal to BT. which is restricted in its exploitation of mobile communications by the government. Its ownership of Cellnet, the cellular operator, is limited to 60 per cent; its share of Phonepoint, a telepoint company, is 49 per cent; and it was not granted a PCN licence. It might therefore decide that the best way to meet the challenge that mobile networks pose to its fixed network would be to turn its own fixed network into a mobile one.

Another article, on cable television as a competitor to British Telecom and the local phone network, will appear

# Holding on tight to intellectual property

THE US agricultural engineering industry has strongly resisted the claims of the British Technology Group that its award-winning method of stripping grain can more of stripping grain can more than double the world speed record for harvesting grain. Makers of combine harvesters forecast that its productivity could cut their sales. They also claim that the method is not suitable for harvesting rice.

So this summer BTG organ-ised a full-scale demonstration in Louisiana, in conjunction with the Louisiana State University and the Rice Research Station at Baton Rouge. "To say the trials were a success would be an understatement," claims Ian Harvey, BTG's chief executive. The grain-stripper, invented by a British government laboratory, is acknowledged to be the knowledged to be the productivity technology I ovin productivity technology Louis-iana needs to stay in rice growing, he says.

terday: a wholly-owned US sub-sidiary called BTG USA, based in Gulph Mills, Pennsylvania. Harvey, chairman of the new US venture, sees North America as a major opportunity for expanding BTG, as the world's biggest technology transfer agency. At \$47m (£25m) last year, he claims that BTG's licence income worldwide exceeded the total raised by all US universities (which he esti-mates at \$40m) and by all US government laboratories (\$5m). Even the Massachusetts Insti-tute of Technology with its impressive technology transfer operation is not patenting outside the US, he says. BTG is negotiating to undertake this

Only 14 per cent of BTG's 499 technology licences come from the US, but 38 per cent of its licensing revenue comes from there. Britain, by comparison, produced 71 per cent of its licences but only 20 per cent of its licensing revenue last year.

BTG brings to the US a comprehensive knowledge of inter-national patenting, says Har-vey. Even the multinational IBM missed out badly in failing to patent its Nobel prize win-ning high-temperature superning high-temperature super-conductor outside the US.

BTG has also shown readiness to fight for its intellectual property. Companies such as David Fishlock

The first consequence.

The first company to capitulate was the US health-care group Johnson & Johnson, which later admitted it was so impressed by BTG's tough line on intellectual property rights that it invited the agency to handle a portfolio of about 100 patents relating to new medical imaging technology, a business it no longer wanted to pursue. DUITSUS. At its US launch yesterday BTG announced the first two Demonstrations of this kind are an important part of the rationale for BTG's latest com-mercial venture, launched yeslicence agreements based on the J&J portfolio: with ADAC Laboratories in California for imaging systems for nuclear

medicine; and with Universal Sonics in the US for a licence to develop an ultrasonic diagnostic system for the heart. It also announced an agree ment with the Mayo Founda-tion to manage the intellectual property of the Mayo Clinic, a large medical research canire

protracted battle with the Pen-

agon over its hovercraft

The MRI battles since the

mid-1980s, which have won several million pounds in back-paid royalites passed on to British academic inventors in the last two years, had another significant consequence.

significant consequence.

"Invention is random." Harvey says, so typically only 30 per cent of the inventions of any research-based organisa-tion will be relevant to its business. "The rest is screened ness. "The rest is acreened out." BTG believes it has the skills and experience to exploit more of the "irrelevant" 70 per cent of technology to the organisation's advantage, through agreements like that with Jal.

The company is discussing the intellectual property rights with a number of organisations. US companies generally are more receptive than Euro-pean ones, he says. But it takes pean ones, he says. But it takes patience to persuade the US firms to take a long-term view. Typically it takes about two years to negotiate a licence agreement, and perhaps another two years to turn intellectual property rights into a commercial product.

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FINANCIAL TIMES CONFERENCES

# WORLD ELECTRICITY CONFERENCE

London, 12-13 November 1990

The Conference will focus on three key areas: the environment, changing generation strategies and privatisation. The conference takes place only a matter of days before the sale of the UK electricity companies and therefore comes at a time when electricity will be at the forefront of public attention.

Speakers include:

Mr Percy N Barnevik President and Chief Executive Officer ABB Asea Brown Boveri Ltd

Mr Philippe Bodson Chairman of the Board Electrabel, Belgium

Mr Malcolm Edwards Commercial Director **British Coal Corporation** 

Mr Alessandro Ortis Vice President, ENEL, Spain President Euroelectric

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Institute of Economics of the World Socialist System The USSR Academy of Sciences in association with

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Bayernwerk AG, West Germany Mr Richard Lemeidt Counsel to the House

Committee on Energy and Commerce, USA Mr Colin Playle

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23 & 24 October, 1990 - London

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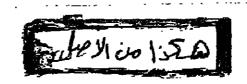
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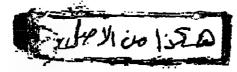
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# Why British is best

Christopher Dunkley at the Prix Italia

If you want to eat well in Palermo, go to Mondello just round the promontory from Sicily's busy but ramshackle and crime infested old port (Mrs Dunkley fought off her bag snatcher, ripped off his shirt, knocked his motorcycle over, and retained all her belongings but Liz Forgan, director of programmes at Channel 4, was less fortunate: within the grounds of Palemro's most expensive grounds of Palemro's most expensive hotel her bag was snatched and her money stolen). The little seaside town of Mondello is lined with good fish res-

Last week many of the tables were filled with British broadcasters, and there were two topics of conversation: the uniquely high standing and success of British commercial television in an international context and the Government's plans to tear Britain's commer cial television network to bits and auction them to the highest bidders.

The occasion was the 42nd session of the Prix Italia, which began as a radio festival, inspired by the Italians and put together by European public service broadcasting organisations at Capri in 1948. Today it is the most highly regarded of the world's true programme festivals (of which there are few, though there are scores of marketing festivals) and, predictably, television has come to play a major part. Television was added to the agenda in 1957, and these are the top six countries in today's all-time TV prize table:

France Sweden Japan USA West Germany - 5 It makes Britain's international

standing in car exports, painting, or even an activity such as athletics where the UK is considered relatively successful, look remarkably unimpressive. And ful, look remarkably unimpressive. And although the BBC and ITV have shared the Prix Italia honours pretty equally over the past 20 years, this year the laurels all went to ITV. Not only did their documentary about life in today's Soviet Union, Hallo, Can You Hear Us? win one of the three actual Prix Italia awards, they also took the ecology prize (a category which has been tacked on during the last five years, but without a full-blown Prix Italia) and Channel 4's music entry Una Strouganza Dei Medici took the "special" prize in the arts section. Thus out of the seven prizes for section. Thus out of the seven prizes for television this year, British commercial television took three. No other country

managed more than one.

And yet at those restaurant tables,
after the health of the winners had been drunk in spumante but long before the farfalla alla salmone had been consumed, the conversation turned to the likely effects of the Government's new broadcasting bill which is in the final stages of its passage through parliament. Though the diners included not only ITV people but others from the BBC and the Independent Broadcasting Authority (soon to become the Independent Television Commission with responsibility for the "blind crapshoot" in which bidders will have to name their price for an ITV franchise without knowing anyone else's offer), it was difficult to find a single word spoken in favour of the new system.

The present federation of ITV regional companies (Anglia, London

regional companies (Anglia, London Weekend, Border and so on) ran a well established national network, said one company programme controller. But suppose Granada failed to win back its own licence under the new system: what would happen then to Britain's most popular television programme, Coronation Street? If Granada was forced to become an independent programme-making company, selling on the world market, the price commanded by Coronation Street could well ensure that it ended up with the BBC or satellite televizion.

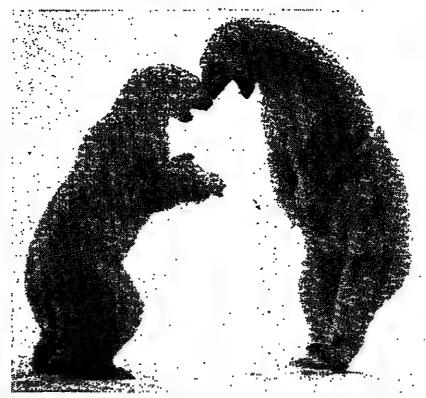
Inter the ended up with the BBC of sater-life television.

Another ITV voice made the point that Yorkshire, say, might be outbid for its own franchise yet offer the highest bid for Central's: the existing companies were almost certain to bid "protectively" for one another's licences, and there could be a mad game of musical chairs in which the Thames people ended up with the Anglia contract, Anglia won the TVS licence, and TVS won Thames. While discussing these possibilities the managing director of one major ITV company finished his gamberoni alla grigila, leaned back in his chair, and broke into a long, weak chain of giggles. What was there to laugh about, I asked. What else could you do, he replied, faced with such an abourd situation.

Of course television journalists with

Of course television journalists with their revelations about killings in Gib-raltar, and their obstinate tenacity over the Guildford Four, the Birmingham Six, and so on have been a thorn in the side of this abnormally long-lasting Government. But to an outsider, what British politicians are now doing seems peculiarly short-sighted, even a little like cutting off their noses to spite their faces. To take a British industry with such extraordinarily high international standing and force it through such a standing and lotte it through stand a uniquely disruptive and (potentially) fatally damaging sieve, all in the name of a political doctrine — "market forces" — which already governs that industry anyway, looks suspiciously libe write

And what is it about British programmes which seems to impress inter-national juries more often than those from any other country? They are, of course, almost invariably technically proficient and even advanced; but them so are programmes from the US, Japan, and many European countries. If there is a single underlying factor that counts it is, I suspect, that British programme makers rarely forgst that they are



Ecology winner from Central: 'Can Polar Bears Tread Water'

working for a mass medium, and yet they manage to avoid the crass popu-lism of to such American material. The academics and theorists who cluster around television festivals tend to seek out the most esoteric programmes and point to them as proof that television can be just as "serious" as other media of communication or entertainment. Programmes such as Switzerland's arts entry at this year's Prix Italia, Verklaerte Nacht, with a Schönberg piece dramatised in a 19th century railway station, send them into

But the jurors are almost invariably programme makers, often heads of department, and they recognise the realities of television: the need to work within a framework of costs and ratings which leaves little room for intellectual pretentiousness. It is, perhaps, the abil-ity of British broadcasters to remain within that framework, and combine popularity of style with seriousness of purpose, which most impresses their international peer group.

Nor is that ability some fortuitous

Anglo Sexon phenomenon which has appeared out of the North Sea. It has emerged in the last 35 years as a result of Britain's unusual television system, in which the original public service broadcaster (the BBC) has competed with a federation of commercial compa-nies (ITV, joined latterly by Channel 4) with virtually all viewers splitting their time between the two, and the ratings dividing around the 50:50 mark most of the time. The symbiotic exchange between the BBC's public service principles and ITV's commercial imperative has been peculiarly productive, not least in that flair for combining popularity and seriousness. Common sense

suggests that the Government's new broadcasting legislation will do nothing to help this admirable situation and possibly much to harm it.

Having said all that, it is time to set aside national pride and record that the 1990 Prix Italia proved vividly how very quickly big-budget television is becom-ing solely international television. Of the three actual Prix Italia winners only the drama - La Fracture du Myocarde - could be described as nationally pure: one of those stories about childhood in which the children are both amusingly knowing and endearingly naive it was, of course, wholly French. The arts winner, The Orchestra, was an American programme made by a Pole with Japanese money; and Britain's winning documentary, Hallo, Do You Hear Us? was made by a Latvian for Central Television (the same company which produced the ecology winner).

Other memorable international efforts included Japan's Libertate, which chronicles the astonishing fall of which chronicles the astonishing fall of the Ceasescu regime via amateur Roma-nian videos; Italy's gorgeous looking drama, Cellini — Una Vita Scellarata, which stars an Italian, a Swede (Max von Sydow as the Pope), an English girl (Sophie Ward) and was co-produced by RAI with Beta Films and Cinemax, and Germany's arts entry. One World One Germany's arts entry, One World, One Voice which proudly lists its co-produc-ers as: BBC (UK); DFF (East Germany); NDR/ARD (West Germany); NHK (Jepun); NHE (Norway); ORF (Austria); RTE (Ireland); RTP (Portugal); SRG (Switzerland); SVT (Sweden); TVE (Spain); YLE (Finland) and Gostelradio

Babel.in a box.

# Cyrano de Bergerac

Edward Petherbridge, one of the most justly loved of British actors, represents one certain character, and the parts he plays are variations on it. He is the canny observer who stands apart; the man distinguished by his delicate sentiments and refined manners and share refined manners and sharp eye; the acerbic critic whose hidden heart bleeds. Everything about him - fingers, eyes, lips, stance and, most memorably, voice and diction — makes this inner nobility and sensitivity touching. No wonder that a glorious series of interpretations – such as Newman Noggs (Nicholas Nick-leby), Lord Peter Wimsey and, in particular, Alceste (The Misanthrope) – have brought him now to Cyrano de Bergerac. Edmond Rostand's 1898 play is a great concerto for a star actor, and Petherbridge is the actor, and Petherbridge is the perfect violin for many of its facets. He has poetry, chivalry, wit, pathos. The long nose seems as truly part of him as the darting, large, eloquent eyes. He has the perfect hands to hold a quill, and, as he searches for inspiration, to run a finger slowly up his brow and into his hair. And he conjures magic from the sibilants of his nocturne on Paris. In the great balcony scene - where, on behalf of Christian, that unworthy Adonis, he woos his own adored Rozane with his

own adored koxane with his own voice, words and emotion — he is poignant. As his life ebbs away in the final scene and he begins to recite again the farewell love-letter he ones wrote in Christian's name, his blend of ardour, dignity, clarity and melting softness are highly affecting. (Not since Shadowlands have I witnessed such sniffs and sobs from an audi-He is not, however, robust, whereas Cyrano is a warrior.
His fights are neatly choreographed. In the big fracas at the pastry cook Ragueneau's, Petherbridge soon takes himself out of the fray and, on the sidelines, matches developsidelines, watches develop-ments. Derek Jacobi's Cyrano,

in the early 1980s, though more

obviously studied and virtuoso, had more force and range. Petherbridge's performance is beautiful in everything it does: but it leaves some things

The production by Matthew Francis gives him lively sup-port everywhere, but is rather too pat. If only the leaves didn't start falling just as someone says they are, if only offstage music didn't strike up in the very instant of Cyrano's death. Jemma Redgrave is Rox-ane: ravishing to behold, clear and grave of voice. She is, as yet, too unvarying in volume. In suggesting an idea of mid-17th century France, Stewart Laing's designs are bright but generalised, whereas Mia Soteriou's music is more spe-cific and suggestive.

Rostand's own efforts to convey the period were marked.

References to Corneille, References to Corneille, Moliere, Callot, even d'Artagnan abound. At the same time, the play abounds in late 19th-century Romanticism; at times its gushing imagery recalls Swinburne. The extensively revised version of Patrick Garland's English version used here is fitfully successful in here is fitfully successful in conveying the effect of Ros-tand's alexandrines. The trou-ble is that, thanks to the Old Vic and other theatres, the original 17th-century dramas of Corneille and Molière, which were Rostand's models, are far more immediate and pulsating and complex. After The Liar, The Illusion, The Misanthrope and others, Rostand's play, in this version at least, is charm-ing, eloquent, simple and senti-

Alastair Macaulav



Edward Petherbridge and Jemma Redgrave

# Fences GARRICK THEATRE

Here is a piece of American working class soap with a touch — just a touch — of Arthur Miller. If you like a real sentimental wallow, you may love this. But do not make the mistake of thinking that it is anything much more.
August Wilson's Fences,

which opened at the Garrick on Monday, is a play about poor – well, relatively poor – Americans in pursuit of the American Dream. Its performance at the Liverpool Play-house was reviewed by colleague, Alastair Macaulay, on

August 17.
The piece spans the late 1960s to the mid-1960s and ends with the extended family still together and — for no mora obvious reason than economic growth - rather better off than it was at the start. The difference from more conventional versions of the dream is that everybody is black. Otherwise it might be Dallas with a happy ending and without the

For, between times, the family goes though all the familiar cliches of family feuding, sus-pected fraud, violence, an ille-gitimate child and the male regret at never having quite made it at baseball or football. There is even a fight director listed in the programme. Sentimentality, however, is never very far away.

There is also some symbol-

ism, as the play's title suggests and perhaps the name of the main character, too, for he is called Troy. Played by Yaphet Kotto, Troy is building a fence round his house, though whether to keep other people out or to keep himself in is never quite clear and is per-haps not meant to be. But it is presumably significant that he does complete it, just as his friend, Jim Bono, also finally manages to buy his (Bono's) unseen wife a refrigerator. The American Dream, it seems, is

Troy is married to an American matron called Rose, who on the whole wears the trousers. The money to build the house may have been taken from Troy's brother, Gabriel, who has turned into a religious nut-case and has some quite funny lines about eating bis-cuits with St Peter. Troy has two sons, one by Rose and one from before. They go through the usual quarrels, none of them much different from stan-dard family television drama.

Yet despite Rose's cooking and a plantiful supply of gin, Troy is not quite satisfied. He has a child by another woman. The mother dies in child-birth and the real corn begins. The baby is introduced into Troy's family.

Several years planes and the

corn gives way to syrup. Troy dies. One of the sons returns from Vietnam (of course) determined not to go to the funeral. girl. "Go and say 'Hello' to your brother," says Rose. The girls walks across the stage and says: "Hil" He goes to the funeral after all. Mr Kotto seems to be to

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overdo it a bit as Troy. Rose is a nice womanly part played by Sally Sagoe. The little girl is as enchanting as she should be and the play is directed by Alby James. Apart from anything else, it would be a better piece if it were half an hour

Malcolm Rutherford

# Scottish Ballet

KING'S THEATRE, EDINBURGH

The adjective most often associated with Jardin aux Lilas, is "Proustian." The bitter little tale it tells, however, is like a climactic scene from Henry James. One evening, amid the lilacs and the dancing, the heroine Caroline finds herself trapped by the hidden intrinse of scene of the hidden intrigues of sophisticated adult life. She decides to leave the man she loves; and then very Portrait of a Lady — she discovers the man she is to marry with "an episode from his past" (still uncomfortably present). The action is set with, and against, Chausson's Proper for sole violis and Poeme for solo violin and orchestra What's striking is how, against the lilt of the party, Tudor conveys emotion and character austerely. Stillness – a held gesture, a sudden tableau, an immobile torso – is as elongerst as motion.

 is as eloquent as motion. It was easy to find fault on Saturday evening with the Scottish Ballet's new revival of scottish Ballet's new revival of it, as staged by Airi Hynninen. The designs, "after Hugh Stevenson" (the original), were unsubtle. The lilacs, dully drawn, were shown in close-up, and dreadfully lit (by Graham Gardner). A flower on Caroline's dress resembled and the stage of t Gardner). A flower on Caroline's dress resembled an unfortunate stain. Caroline (Elspeth Shaw) had ineloquent feet and an over-animated face. The Man She Must Marry (Paul Tyers) was cold only in a weak kind of way. Her Lover (Kevin J. Horn) was ardent but prosaic. No-one showed a comsaic. No-one showed a com-manding sense of fitting Tudor

Longing." Silly title. The prime joy of this choreography is the relish with which, to Glazounov's sumptuous score, Petipa makes classical-ballet variations on the theme of the Hungarian czardas. Galina Samsova (herself a grand Raymonda in the late 1970s with Sadler's Wells Royal Ballet) has staged this production.
Petipa choreography needs
academic rigour and musical
flair. So far Samsova has been
able to give the Scottish dancers more of the latter. But, as with Jardin, this ballet could present a much richer picture with new casting in a couple of seasons' time. Samsova, who is currently the company's guest director, surely knows that these ballets are investments in the future.

To say that Jiri Kylian's Forgotten Land is the item best erved all evening is, though served all evening is, though accurate, to say nothing. The Scottish dancers give it the same earnest care that dancers anywhere do to Kylian choreography everywhere, and that's how they look — anywhere dancers, anonymous and solemn. To Britten's Sinfonia da Requiem, six male-female couples move heavily from grief to transcendence. The cause of their emotion is not shown; their changes of emotion are unexplained. This emotion are unexplained. This is ritual Mood choreography, and Mood is almost all it takes from its Britten score. Its grey chunks of old-style modern dance are just the thing to make ballet audiences feel they're chewing something solid. And they are Like all Kylian choreography, Forgot-ten Land is not mest but gris-tle.

Alastair Macaulay

# The music of Lalande in Versailles

the Versailles composer par excellence, was the choice for the third of the festivals put on at the royal château by the recently founded Centre de Musique Baroque. Imagine a festival of Purcell at, say, Hampton Court, drawing full houses for five out of seven events over three days, as happened at Versailles during a mid-September weekend, and you may wonder why we smugly think of the French as unmusical.

Six of the concerts were given in the Versailles chapel, very much the com-poser's home territory; Lalande became one of the four maîtres de chapelle when the court moved there in 1683 and gradually acquired his three colleagues' lobs, at the same time slipping unobtrusively into all the posts connected with supplying Louis XIV with chamber music. In his way he out-Luffied Lully. Lalande is remembered primarily for

his grands motets, substantial pieces, each about half an hour long, of which he wrote some 70. They are essentially the classics of the genre, and very splendid, noble pieces they are, richly scored and full of grave, and especially pathetic effects. After listening to eight of them over three days the central

tone throughout the choral counterpoint, the telling chromatics that colour many a phrase, and a breadth of inven-tion that must have lent such grandeur and dignity to proceedings in the Ver-

One of the most famous of Lalande's motets is the *Te deum*, a typical, grandly ceremonial trumpet-and-drums piece in D major. Arguably Iully, and perhaps Charpentier, did that sort of thing just as well, if not better, but Lalande's strengths lie equally in the opulent invention of the solo numbers and the graceful interweaving of soprano and violin in "Tu ad liberandum". This piece, aptly enough, was saved to bring the festival to an end, in the Sunday-evening concert contributed by William Christie and his Arts Florissants ensemble. But it was a curious event, decidedly lacking in the gravitas that ought to belong to this repertory as the players bounded through the score, freely sprinkling those notes inégales with which some of the French may once have added jauntiness to their music - though not, surely, quite so indiscriminately to the music of high

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The concert also included a setting of exalted "Pie Jesu"; it is this kind of teristic of Lalands in its expression of pathos through its dissonances and its suspensions. There was also the Confiteer tibi, distinguished by its magnificent central chorus, the violins floating through the ensemble at its noble cli-max, which Christie treated with at least all due drama, though be tended to speed through several of the num-bers. As always he had some outstanding soloists, among them a remarkably secure high tenor in Jean-Paul Fouchscourt, a soprano of exceptional clarity in Sandrine Piau and another, Veronique Gens, with a real gift for shaping a telling phrase as well as beauty of tone.

If Christie's performance was the most polished and the liveliest, the premost poinsned and the liveness, the previous evening's, by a group called the Chapelle Royale under the more workmanlike Philippe Herreweghe, was no less stylish. They offered the Misers mei, another spacious piece with an intensely expressive opening and later a poignant baritone solo (finely done by Peter Harvey), and then Dies irae. nredictably a more dramatic work, with its

vated music that Lalande did best Herreweghe came a good deal nearer to the kind of sound and approach to the music that Lalende might have recognised, even if the rhythms were sometimes rather elastic and the attack apt to be spongy. Neither this nor the Friday-evening programme, directed by the violist Jordi Savall, was at a level that would be reckoned acceptable in London early-music circles, and though the famous De profundis did not fail to make some of its due effect, Lalands emerged a little too palely and non-com-

There were two other programmes of sacred music: René Jacobs singing the Leçons de ténébres, concentrated and fluent, but not an ideal substitute for the intended soprano; and an exceed-ingly odd Mass, ascribed to Lalande, in "plainchant musical" – a French aberration of the period in which plainsons is sung to rhythms and harmonies thought to provide it with properly civilised clothing. The performance by Ensemble Organum made out a slender

Stanley Sadie

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# ARTS GUIDE

THEATRE

exclamatory choruses, its laments, its highly chromatic "Lacrymosa", its

Jeffrey Bernard is Unwell (Apolio). James Bolam is the alcoholic journalist who embodies a Fairiaffian, 1987-20embodies a Paintaffian, 127-27ing life force while committing
public suicide by vodka. Keith
Waterhouse has stitched a fine
play, the season's highlight, from
Bernard's own writing. Ned Sherrin directs (437 2668).
Aspects of Love (Prince of
Wales). Andrew Lloyd Webber's
latest is an intimate chamber
operetts which is derived from
David Garnett's 1955 novella.
Musically interesting and well
directed by Trevor Nunn. A probable, but imspectacular, hit (839 able, but unspectacular, hit (839 5972).

5972).
Burn This (Lyric) Blistering per-termance from John Malkovich and Juliet Stevenson in Lamord Wilson's play about the mis-match of opposites (437 3686). Singer (Barbican). Anthony Sher in Peter Flannery's modern Jaco-bean tragedy that reflects a darkly comic view of Britain since the Second World War. (638 8891).

since the Second World War. (638 5891).
Shadawlands (Queen's). Weeple about the love affair between crusty Oxford writer C.S. Lewis and the cancer-riddled American poet Joy Davidman, which pushes Nigel Hawthorne and Jane Alexander into the awards stakes. William Nicholson's play is irresistibly emotional. Elijah Moshinsky's direction is superb. (734 1166/430 585). (734 1166(43 2852).
Absurd Person Singular (White-hall). Revival of early Ayckhourn comedy, directed by the master himself, about three couples at Christmas in three kitchens over three years. Moira Redmond,

Richard Kane and Lavinia Bertram on fine form in a produc-tion which confirms Ayckbourn's early bleakness (071 867 1119). Extended until January. Men of the Moment (Globs) Nigel Planer and Gareth Hunt in another Alan Ayckbourn play, this time about media manipula tion (421 3667).

New York

Falsettoland (Lucille Lortel). It will be known as the musical about Aids first hitting New York but it goes much further than that, showing the effect on a larger circle of people, who include a boy having a Bar Mitzvah and his parents, all three of them (324 8782).

Gypsy (St. James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, tireless and

m the Marman tradition, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (246 0102). Grand Hotel (Martin Beck). Tommy Tone, Broedway's present musical doctor, directs this remain of the Garbo film to shake the hones of this inert sements of the Garto film to shake the bones of this inert depiction of lives criss-crossing in an elegant, but somewhat ran-dom setting (246 0102). Cats (Winter Garden). Still a sell-out, Trever Numn's production of T.S. Ellot's children's poetry set to music is visually startling and charactershically follow (230 and choreographically feline (239

6262). Les Misérables (Broadway). The nagnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama

#### September 21-27

Phantom of the Opera (Majestic). Stuffed with Marie Bjernson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunt-ing melodies in this transfer from London (239 6300).

Washington

Slagun (Opera House). The \$6m, Broadway-bound musical by nov-elist James Clavell is bound to be compared to Sondheim's Pacific Overtures in exploring the origins of Western-Japanese contact. Kennedy Carten 1827. contact. Kennedy Centre (467

Playboy of the Western World (Eisenhower), Abbey Theatre company brings what the Americans want to see to con-firm the view of the Irish as unscrupulous charmers, Ends Oct 21.

Chicago

The Icemum Cometh (Goodman), The Goodman opens its new sea-son with a revival of vintage O'Neill starring film actor Brian Dennehy, Ends Nov 4 (443 3800). Steel Magnotias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dry-ers in a busy hairdressing estabat (989 9000).

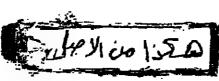
Tokyo

Phantom of the Opera (in Japanese). This highly successful production is a carrion copy of the London original, with the added advantage that one can ignore the banal lyrics, since they are in Japanese. Shimbashi Ebujoh Theatre (797 9601).

manding sense of inting Tudor to Chausson. But I spent more time admiring the ballet, still so unfamiliar to British eyes, than deploring the perfor-

mance.
The new triple bill, whose centre piece this was, was called "Ballets of Love and





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Wednesday September 26 1990

# The palest of green

THE British government's strategy for the environment, published yesterday, would have been an excellent example of forward thinking had it appeared five years ago over the signature of, say, Mr Nicholas Ridley. In today's context it amounts to the least that could be said during the run-up to a general election. Mr Chris Patten, as secretary of state for the environment, is the minister responsible for drafting it. The strongest influences on his work appear to have been the opinion polls, which show the government far behind the opposition; the retail prices index, which is also bad news for the Conservative party; and an instinctive fear, spread among all ministers, that voters will not accept the potentially costly conse-quences of their professed envi-

ronmental concerns.

It is therefore hardly surprising that the result is a 296-page ing that the result is a 23-page illustrated brochure whose saving grace is that it is printed on recycled paper, and whose principal virtue is that it is comprehensive. It dwells mainly on proposals previously enacted or announced; when it comes to plans for the future the best that can be said in that it is a compendium of muted declarations of hesitant intent. Apart from an important new bill on planning, there is no new legislation in it. In advance of the conclusion of the current round of departmental negotiations on public spending there can be no new money in it. Where there are fresh policies, such as for tests of vehicle emissions, these are new to Britain, but not to many comparable countries.

#### Unexpected merits

Yet the document is not entirely worthless. It consti-tutes a floor, below which the environmental aspirations of future governments of any party are unlikely to sink. Seen thus, certain unexpected mar-its become perceptible. They are worth spelling out. In Mr Patten's view, Whitehall has now been greened. The governnow been greened. The govern-ment is committed to a regular state of the environment report, with statistical tables. There is to be a permanent green committee of the cabinet, chaired by the prime minenergy will chair another ministerial committee, on energy efficiency. Every department will nominate a minister responsible for environmental affairs; the chancellor of the exchequer has put forward his

#### Solid floor of theory

Solid floor of theory

The document also establishes a solid floor of theory. The existence of the "greenhouse effect" is acknowledged, and its potential for damage, which cannot yet be precisely calibrated, is recognised. "Sound science" — the principle that nothing shall be done before there is absolute proof of its necessity — is to be balanced by the "precautionary principle". An appendix on economic instruments adds weight to the paragraphs on weight to the paragraphs on the use of regulation, taxation, and the price mechanism to reduce emissions of noxious substances. There is a loophole allowing the chancellor to vary taxation according to the size or fuel-efficiency of cars; this is new to Britain but not to West Germany. The long-term pros-pect of a tax on carbon dioxide emissions is intimated, but this is specifically excluded for the next few years. There is some sense in this: what is required is an international agreement which means that the brunt of any European country's effort must be on persuading the United States to accept limiting targets.

Similar papers published by the Dutch, the West Germans, the Scandinavians and others have listed more specific targets. The signposts to energy efficiency are derisory by Japanese standards. California is ahead of anything Whitehall yet envisages on vehicle emissions. Some of the environment secretary's nostrums, such as greater use of labelling to provide consumers with an opportunity to vote green with their purses, appear to be bor-rowed from Brussels, or Bonn. The high-flown language of the British paper echoes the inspi-rational oratory of the prime minister herself. This might have encouraged people to expect more of Mrs Margaret Thatcher's government. The protest that these are difficult times will do as an explanation, but not an excuse, for a failure of leadership.

# Collision over Japanese cars

GETTING 12 European governments with sharply dif-fering attitudes to trade to agree a common stance on as sensitive an issue as Japanese car sales was never going to be easy. But after more than a year of agonised deliberations, the European Community's internal divisions on the issue seem not only not to be narrowing appreciably, but to be growing wider.
True, the stiffening of post-

tions over the past few weeks appears partly tactical, reflecting last-ditch efforts by France, italy and other protectionist-minded governments to ensure that any deal negoti-ated with Japan by the Com-mission would be as restrictive as possible. But, with probably only two months left to com-plete the negotiations, such brinkmanship is risky. Unless the hard-liners back down, the chances of reaching an agreement will evaporate.

The political imbroglio has

been further complicated by the worsening outlook for the European car market. There were signs well before the Gulf crisis that the five year boom in demand was faltering. Now higher oil prices are taking their toll on sales, particularly in southern Europe where pro-tectionist attitudes happen to be strongest. That will make it even harder for the Commis-sion to sell a deal which implies that almost all EC market growth this decade will go to Japanese producers.

If stalemate persists in Brussels, the Commission may need to rethink its approach. This has been based on getting Japan to agree to voluntary restraints covering exports to the EC and output from Japa-nese-owned "transplants" in Europe. The supposedly temporary arrangement is intended to persuade Britain, France, Italy, Portugal and Spain to lift their long-standing restrictions on Japanese car sales, these being incompatible with the planned single market, because they impede internal EC trade.

Suspect arrangement The proposed arrangement has always looked suspect. It amounts to enlisting Japanese collusion in cartelising and segmenting the single market, by limiting deliveries to selected EC countries. That

would allow Japanese car mak-ers to fatten their margins at the expense of EC consumers, while sheltering Europe's automotive industry from the com-petitive stimulus needed to improve its efficiency.

#### Questionable legality

Furthermore, the legality of the planned restraints is questionable, all the more so as they contain at least implicit restrictions on transplant production. The Commission is well aware of this, which is why it has sought "voluntary" undertakings from Japan, rather than suggested impos-ing formal quotas. The danger of this informal approach is that it lacks any mechanism to ensure that restrictions will ultimately be dismantled.

The Commission has argued that if no deal were reached with Japan, protectionistminded EC governments would maintain or even strengthen national import curbs after 1992. That possibility may soon have to be confronted. But it integration and could even benefit it, provided Brussels acts with sufficient determina-tion.

National quotas can be maintained only by preventing trans-shipment of Japanese cars from open to more pro-tected EC markets. Their sur-vival depends substantially on the block exemption of car dis-tribution from EC competition rules, which permits car makers to supply products through eminate dealers. The Commission should be prepared to suspend the exemption, which it is due to review by 1995, in any case. It should also be ready to challenge the legality of the national quotas and crack down on governments that down on governments that sought to enforce them by, for example, refusing to register

Aganese cars.

The Commission's autonomous treaty powers, notably over competition policy, offer a potent weapon, which it has used to liberalise sectors like telecommunications. There is no reason to except Europe's car industry from the full impact of the single market - least of all in order to perpetuate the trade protection which has contributed much to the industry's current competitive

r Detlev Rohwedder pre-sides over the largest bankrupt holding com-pany in the western world. The Treuhand, the trust body world. The Treinand, the trust poly charged with privatising the East German economy, has in its portfolio 1.8m hectares of state-owned land, 8.000 former state-owned companies, farms, football stadiums, and most of the property balonging to the army, the political parties and the trade unions of the except and the trade

unions of the ancien regime.

A balance sheet, to be drawn up next week, will show that on the credit side the Treuhand has theoretical assets worth several hundred bil-lion D-Marks. On the debit side stand DM 100bn of corporate debt inherited from the old days and DM 30bn of new liquidity credits acquired since mone-tary union on July 1.

But much of that debt will never be

repaid. Only a handful of companies are profitable; about 2,000 have no chance of survival; and the wages bill for 4m workers is only being met thanks to generous supplements from

asm from West Germany or beyond to buy from the Treuhand, excepting a buy from the Treuhand, excepting a few dozen "pearls". Meanwhile the organisation is increasingly, and sometimes justifiably, getting blamed for compounding East Germany's difficult start in the market economy.

Fortunately Mr Rohwedder, 57, has not yet lost his dry sense of humour. Facing an angry group of local politicians last week in Greifswald, on East Germany's northern coast, he described the slight improvement in the Treuhand's own resources and

the Treuhand's own resources and organisation since he joined in June: "At least you can now ring in even if we don't have the time to ring back." The East German-born former accountant who worked as a State Secretary in the Bonn Economics Ministry under the Social Democrat Mr Karl Schiller could not have been a better choice for what must be the

most demanding management post in Europe. He won the respect of his West German business peers through restoring to health the struggling steel group Hoesch, from where he is on full-time leave at least until the end of this year. He is also a well-known figure on the international business circuit and means it when he says that East Germany must be as open to foreign as it is to

West German capital.

In his address in Greißswald, Mr Rohwedder began by complaining of the "unbridgeable discrepancy between the expectations invested in between the expectations invested in us and our ability to live up to them." The Treuhand, he implied, was given too many tasks before being adequately equipped with the personnel or resources to deal with them. After the shock of monetary union it had to keep companies affoat with desperately needed liquidity credit, pick potential "winners" with its cash for restructuring projects (DM 25hm until the end of 1991), and privatise as much as possible.

much as possible.

For this job it had a couple of offices in East Berlin with about 50

offices in East Berlin with about 50 staff, a few much smaller regional offices, and not a fax machine between them — "while Daimler-Benz has thousands of managers supervising a single investment in East Germany," said Mr Rohwedder.

Not surprisingly, the Treuhand ducked the task of deciding which companies deserved liquidity money to survive and which should die in July and Angust it gave all commenter.

July and August it gave all companies

At this time the organisation was at least becoming westernised and moved into better-equipped offices in East Berlin's Alexanderplatz 6. Mr Rohwedder himself was appointed part-time chairman of the supervisory board in June and immediately began filling the board with West German colleagues. In July Mr Rainer Maria Gohlke, who overhauled the West David Goodhart considers the enormous tasks ahead for the trust body charged with privatising the East German economy

# The ultimate state bankruptcy hearing



Detley Rohwedder of Trenhand: too many tasks and too few resources German railways, was made full-time

They inherited a tainted legacy.
The organisation had been established in February by the interim Modrow government but initially had neither the will nor the people to promote privatisation, seeing itself more as an instrument of industrial policy in a semi-socialist state.

There were reports of refrestivation

There were reports of privatisation being blocked by leading communists in the organisation. But the problem, it seems, was not so much the blocking of sales but representatives of the Treuhand selling off prime assets to their friends or disregarding other principles such as the promotion of competition.

In the Schwerin office, north of Berlin, described by Mr Rohwedder as a "stinker", the head has been fired, and in others there has been some shake-out. Mr Rohwedder says the regional offices, which overses 3,500 companies and a lot of local property, companies and a lot of local property, are one of his biggest headaches.

Meanwhile, the central task of privatisation has been the subject of conflicting pressures, even in the few cases where there has been strong demand. The priority of establishing a competitive markst has meant not elegant according either the first or always accepting either the first or the highest offer; at the same time East German fears that assets are being sold off at knock-down prices need to be allayed.

"The Trenhand is not a bezear. Price is not the only criterion... we do not want giant German monopolies," says Mr Rohwedder, who was recently in Brussels for a chat with like-minded Competition Commissioner Sir Lean Brittan

sioner, Sir Leon Brittan.
Mr Rohwedder arrived too late to stop Deutsche Bank and Allianz from carving up the banking and insurance sectors. He has also only marginally modified the takeover of the East Gen-

modified the threover or the man trai-man electricity supply industry by the big three West German utilities. In other cases he is actually trying to unravel deals. In the case of the sale of the East German luxury hotel which interhotel to the West German chain Interhotel to the West German Steigenberger group the Treuhand

# Inquisitive and apprehensive

TWO groups of businessmen can be found in the foyer of the Treuhand offices in East Berlin — the inquisitive and the apprehensive. The inquisitive are the West Germans or foreigners sounding out the Trenhand about acquisitions. The apprehensive are the East German

apprehensive are the East German bosses begging for money to support their survival plans.

Accompanying one of the latter to a decisive meeting with his Treuhand masters revealed surprisingly laid-back procedures, considering the fate of 5,000 workers was being discussed. The introductions were the main introductions were the main

of the Treuhand executive, 10 minutes to introduce his eight-man team stretching down one side of the table and a further five minutes to introduce the five company representatives. The company's West German consultant arrived a few minutes late and the procedure was epeated. When after half on hour the

meeting got under way we received a general chat from the choleman on the strength of the Japanese competition in the company's sector. An unsolicited intervention from someone who should not have been there took as into a rambling

practices at Atlantic Comput-

ers which led to the collapse of British & Commonwealth Holdings, and with it the end of Sir Peter's attempts to res-cue the ailing financial ser-

vices group.
Today, however, FI Group,
one of the most interesting
of the UK's computing services

companies, will announce that Sir Peter is to take over from

Leighton Davies as chairman

women computer specialists working either from home or

from customers' premises, has a reputation for quality which,

naver been reflected in the proper level of profitability. Working with a software company is a challenge he reliabes. "It is a nice company with good values," he said, before adding: "But I don't want anything more to do with computer-leasing companies."

in Mrs Shirley's view, has never been reflected in the

with a view to revitalising the company's share ownership scheme and putting some muscle behind its acquisition

discussion of pricing policy.

The deferential East German box

said he would have to close unli he got liquidity credits for the fourth quarter or money for his survival plan, which envisages cutting 3,000 jobs. An aide talked about the problems of the unemployed 45 to 55 year-olds. The boss threw in the exciting product they had just develop

None of the Trenhand experts. who know the hard data from several previous meetings, said a word. Soon it became clear why: the survival plan had been dismissed. Discussions between the company and the Treuhand's receiver will begin soon.

complains that a deal was done behind its back.

The Treuhand has made other con-troversial decisions which may enit

up in the courts:

• The sale of the Tega group to L'Air
Liquide of France, which has left the
West German company Linde feeling

cheated:
Similarly, the West German cement group Alsen-Breitenberg is complaining of irregularities in the sale of East Germany's Riddarsdurfer

Zement to the West German subsidiary of the British group RMC.
On most of these decisions Messrs Rohwedder and Gohike were in full agreement. However they disagreed strongly on organisational matters, Mr Rohwedder placing more emphasis on the establishment of an unbureaucratic structure. Mr Gohlke was more interventionist and when told by Mr Rohwedder that he could not become Honweoner that he could not details supervisory board chairman of four big East German companies, he resigned. His departure in August was a further below to continuity and

nage. Mr Rohwedder himself took over Mr Gohlke's chief executive position. He immediately scrapped a plan to establish five sector-based holding groups alongside the Treuhand and instead concentrated on building up the eight concentrated on building up the eight central departments: the privatisation department is led by Mr Karl Schirner, former head of business planning at Daimler-Benz, and other department heads are of equal calibre.

The Treuhand now employs about 450 in the regions and 300 in East Berlin, of whom about 50 are management but Mr Redweeder complains it is

ers. But Mr Rohwedder complains it is difficult to persuade the best people to come and live in East Germany "especially corporate finance people".

He stoically talks about "latent"

interest from investors which he hopes will pick up after October 3 (German Unity day) when the complicating legal apparatus of an indepen-dent state will no longer be a deter-

He already sees a growth in foreign interest "especially from the French and Japanese" and reports proudly that even the Soviet company Gazprom is now competing with French and British interests for a large stake in the East German gas

At the end of October East German companies will finally produce their first D-Mark belance sheets which will improve the quality of informa-tion and stimulate lending by the banks, "although they will still not lend merely against assets," says Mr Some problems - in particular

de la

METE TO

property ownership - will remain only half resolved after October 8. dnessmen who want to buy disputed property can now do so without fearing that it will later be returned to a former owner. But new hold-ups are now being created as the different public authorities - the towns, the communes, and the soon to be estabished states — argue among them-selves about who controls what. The Treuhand — "a parking lot for unresolved problems" as Mr Rohwed-

der calls it — is trying to adjudicate. It may also soon have to fight its own corner against worded politicians in Bonn when it begins large scale closures, initially in the chemical and micro-electronics industries. The Bonn Finance Ministry, to

which the Treuhand officially belongs, should be on Mr Rohwedder's side if he is saving money. Most of the ing years will, however, stay in East Germany to pay for cleaning up the environment — "which is certain to cost more than what we get from privatisation," he says.

It is also looks certain that the

Treuhand will not wind itself up in two or three years as optimistically supposed a few months ago. "It will still be here when we are all pension-ers," prophesied Mr Rohwedder.

#### Gone, but not lost

It looks as though the left has pulled a fast one on Neil Elnnock as he tries to sanitise the Labour Party to avoid scaring voters before the

Socialist Organiser, a left-wing party-within-theparty comparable to Militant Tendency but less exhibitionist, is understood to have disbanded before Labour's ponder ous procedures could lead to its proscription by the national

Much as this may seem like Kinnock getting his way through induced suicide rather than execution, it is a smart move by the neo-Marxist activists. It means that any individ-uals targeted for expulsion from the party cannot be touched - they can hardly be disciplined for being members or supporters of a defunct organisation that was not proscribed when they were in it.
Lol Duffy, the Socialist

Organiser standard-bearer who almost unseated Lynda Chalker, the overseas development minister, in Wallasey at the last election, will live to fight another day. Meanwhile, his small army of helpers can lie low, scattered through the party, until needed

again.
It all looks like political guerrilla warfare at its most skilful, with Kinnock's enemies vanishing before he can thump them. Hard luck, Neil.

#### Dead cert

Meanwhile do not be taken in by the cuddly image of Britain's Green Party – it can be as cold and as calculating

as any other.

The party has set up a parliamentary by election guaran-tee fund by which local parties can insure against the cost of the deposit required should their local MP drop dead of natural causes or otherwise. Given the rash of outstanding

# **OBSERVER**

by-elections the cost of £5.20 per party looks a bargain. The scheme pays out £500 if a contest is called in one of the constituencies covered and then expects participants to cough up another £5.20 to keep the fund topped up. So far about 100 local parties have

#### End of line

President Gorbachev's new powers look unlikely to inspire total faith in his public, according to a parable circulating in Russia.

It seems that a rallway train carrying a cross-section of the populace over the virgin wastes stopped dead. There were no sleepers ("cross-ties" in America) under the ralls

Lenin, who was driving, told the passengers they must all work together to find wood to prop up the track to bridge the gap in the sleepers. That done, the train went on only to meet the same problem

By then the driver was Stalin who told his bodyguards to keep shooting passengers and to use their bodies as sleepers until the track returned to normal.

When a third gap appeared, Khruschev was in control. He got the surviving travellers to bridge it by taking sleepers from behind the train and putting them in front. Another recurrence of the problem found Brezhnev on the footplate. Calling the passengers together, he said:
"Close the windows and draw
the blinds, then we'll all rock
from side to side as if we were moving and say 'diddleydum, diddleydee'. We'll be too busy

to worry what's happening When the travellers got tired of rocking and chunnering, they looked up and saw Brezhnev had been replaced by Gorb-



achev. "We're going to have a complete change of strate he declared. "Pull back the blinds, open the windows, and - all together now - shout: HELP!"

#### Rebound

week before.
On another page The Sunday
Times printed a homily by article on August 23.

Trying anew Sir Peter Thompson, who retires as chairman of the National Freight Corporation at the end of the year, might be forgiven for wincing at the word computer.

It was unorthodox business

strategy.

Sir Peter, best known for taking the NFC out of state hands and into the private sector by way of an employee-financed bid, has strong views on the relationship between employee control and company performance, something which recommended him to Mrs Steve Shirley, FI Group founder, and led to her offer of the chairmanship. FI, staffed principally by

M At the weekend The Sunday Times pointedly noted that the rival Observer's main story the same day — "UK dives into recession" — echoed its own "Britain hits recession" the

nanagement professor Tom management professor Tom Kempner on what chief execu-tives want from managers ris-ing through the ranks below. Its stahlemate The Times had run virtually the identical

■ Whitehall dithering over what to call the soon-to-be-floated area electricity compa-nies has broken the patience of Rhodri Morgan, Labour

Final call

spokesman on the privatisation scheme. First they were distribution companies (shortened to Discos), next public electric-

to Discos), next public electricity suppliers (PESs), then apparently regional electricity companies (RECs).

So Mr Morgan has written to John Wakeham, energy secretary, suggesting he settles on distribution monopolies and licensees (Newsle). and licensees (Dismals).

FD/12

# first direct unauthorised overdraft rate

with effect from 1 october 1990 first direct unauthorised overdraft rate is increased by 1% p.a. from 32.4% p.a. (APR 37.6%) to 33.4% p.a. (APR 39.0%).

first direct is a division of midland bank pic. first direct, millshaw park lane, leeds ls11 Olt. tel: 0345 109 109.

North London office overlooks a large vacant lot. His company, Ferguson, used to have a television factory on the site, but it was closed at the end of last year and has since been demolished.

Ferguson still makes televisions at a factory in Gosport, Hampshire, and remains the leading supplier to the UK market. But Ferguson, one of the most celebrated names in UK electronics, is no longer British-owned. Thomson of France bought the company from Thorn EMI in 1987. There are now no UK-owned companies making televisions on any substantial scale.

In the years since Ferguson was sold, however, television manufacturing in the UK has prospered. Total UK output has exceeded 3m sets in each of the past three years, compared to 1.7m in 1980 and 490,000 in

In contrast to the picture in other areas of industry. Britain has a healthy trade surplus in television sets. Exports exceeded imports by £58m last year, after being in deficit for most of the 1980s. The surplus for the first six months of this year was £58m, equal to the total amount for 1989.

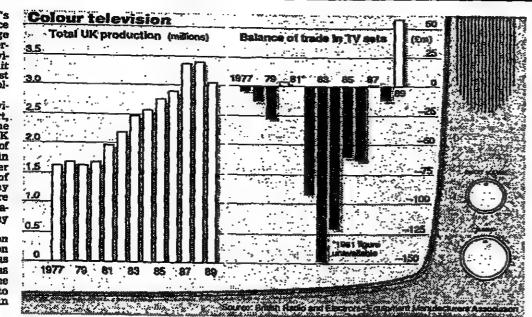
THE TAX HOLD THE TAX HE WAS A SHOULD BE A

The reason for the renewed health of the industry is a wave of foreign investment in wave of foreign investment in television manufacturing in the UK over the past 16 years, primarily by Japanese compa-nies. With foreign companies now setting up plants in the UK making products from cars to semiconductors, the lessons of the television industry could be instructive. Although the sets made in the UK have a high level of local content, Britain appears to have been less successful than West Germany in capturing the more highly-skilled television jobs, particularly in research and

Although Mr McWalter, who is Ferguson's general manager, points out that the Japanese television makers benefitted from generous UK government incentives, he does not dany

"When the Japanese came here, they brought with them TV sets that were smaller, compact and produced less heat, which meant they were more reliable. They've not only produced good technical products, they've also started to produce aesthetically good products. I take my hat off to them. Not to all of them,

but particularly to companies like Sony which have done a fantastic job," he says. Since Sony established its factory in Bridgend, south Wales, in 1974, it has won three



# A British industry back in the picture

Michael Skapinker examines the impact of foreign investment on television manufacturing in the UK

Queen's Awards for Export Achievement. The company expects to make Im sets at Bridgend this year, as well as 250,000 kits which will be sent to its Stuttgart factory for mbly. It says its manufacturing output has not been affected by the current down-turn in the UK economy. Executives of European-

owned electronics companies say, however, that the achieve-ments of the UK television industry are illusory. In particular, they allege that the exported sets are not really British. The new factories are screwdriver plants, they say, assembling televisions from Japanese-made components. The UK-based Japanese companies admit that they source

their components from suppli-ers both outside and inside Britain. They insist, however, that their sets have a high level of European content.

Mr Tony Abbott, director of colour television operations at Sony in Bridgend, says that the sets made there are more than 90 per cent European. The cathode ray tubes, the most important components in a important components in a television set, are almost all made on site. Since last

ufactured goods. It certainly is for us and our customers, all of them makers of capital equip-

ment. We can do business prof-itably at \$1.60 to the pound, we

can manage, just, at \$1.70, but above that business evaporates. At the current \$1.85 to \$1.90 rate the US has virtually

The relevance of the sterling rate against the European currencies is principally that the higher the pound the easier it

is for our often-subsidised European competitor to pinch

which, because it had other prejudices, subsidies and other policies designed to favour the European domestic producers, we are unable to do in reverse.

The government's first priority should be to get the bound down to more sensible levels against the dollar and the

European currencies. Unless this happens there will be no manufacturing industry left.

the basis of a sustained growth in productivity: an average Dutch worker still has a 40 per

Dutch worker still has 2 40 per cent productivity advantage over his British counterpart. This gap aside, British indus-try has yet to show profession-alism in the way it trains, motivates and deploys its leaner workforce. Its prefer-

ence for mergers and acquisi-tions as a vehicle for growth is

growing body of entrepreneurs with economic and social fire in their bellies. Second, we

have yet to generate consensus at the workplace or in the

wider community on its social goals. The current emphasis on enlightened self-interest will

only produce more Guinness-type situations. It also needs a social purpose.

Amin Rajan

Centre for Research in

Employment and Technology

2 Holby Hill, Vauxhall Lane,

Andrew Cook

William Cook,

August, Sony has also been making the front glass panels of the sets at Bridgend. Panasonic, a division of Matsushita Electric, Japan's big-gest consumer electronics group, concedes that its sets are less European than Sony's. Nevertheless, Mr Colin Leahy. director of the company's plant in Cardiff, says that the 620,000

I take my hat off to the Japanese. particularly Sony, who have done a fantastic job'

sets made there this year will have an average European con-tent of just under 70 per cent. Panasonic managers say there are some components which they do not buy in Europe because they cannot get the level of quality they need. Certain electronic components still come from Asia and Mr Leahy also says that be buys printed circuit boards in Japan. The Cardiff factory is undergoing an ambitious automation programme, which can-

not succeed without high-quality components, he says. Nevertheless, the level of local sourcing by Japanese companies is sufficient to sat-

isfy industry experts like Mr Dickie Norman, chairman of the British Radio and Electronic Equipment Manufacturers Association and of the European Association of Consumer Electronics Manufactur-ers. Mr Norman, a former chairman of Ferguson who is now an adviser to Thomson Consumer Electronics, says: "All the major Japanese compenies have a European con-tent in colour television which, in my estimation, puts them beyond criticism."

The sceptics seem to be on firmer ground when they argue that foreign ownership has meant that the most highly skilled jobs, particularly in research and development, are senerally done aboved. generally done abroad.

Ferguson's factory in Gos-port is now part of Thomson's worldwide manufacturing oper-ation and is restricted to making small and medium-sized sets rather than the larger screen, high-technology televiscreen, high-technology sions. Mr Ray Cantan, Fergu-sions. Mr Ray Cantan, Ferguson's Gosport-based manag

director, says that the factory will probably stop making small screen sets next year as these can be made more cheaply in the Far East. It will then concentrate on the mid-die-range sets. It will not be involved in the developments that Thomson regards as cru-cial to its future, such as high definition television.

Mr Cantan denies this means that Ferguson has become a technological backwater within Thomson. He points out that Gosport is now the group's worldwide centre for subscrip-tion television products like

Ferguson does have a research and development centre in north London. Mr McWalter says that it has done important work on satellite television and developments television and developments like Teletext and Nicam digital stereo sound. A Ferguson manager heads research into high definition television, but that is done at Thomson's research centre in Villingen, West Germany rather than in the UK.

Although the Japanese com-panies have made Britain their European manufacturing base, they too appear to prefer their advanced research work to be done in West Germany or in Japan. Mr Yuzo Koyama, man-aging director of Matsushita Electric in the UK, says that the hasic design of the compa-ny's television chassis is done in Japan. Engineers in the UK in Japan. Engineers in the UK perform such tasks as ensuring that the design complies with local safety standards.

The company says the only reason it does not do more research and development in the UK is that it is difficult to find qualified staff. "We have 23 people in design at the moment in Cardiff and we're still looking for more. But it's difficult to get good quality engineers here," Mr Koyama says. The company's European research and development contre is in Munich. Sony's Mr Abbott says, how-

ever, that there is no reason why advanced television research cannot be done in the UK. Sony's Stuttgart research centre has the advantage of being closer to the semicond tor industry, he says, but he expects Bridgend's 25-strong research and development team to increase in numbers. Among Bridgend's research achievements have been Teletext and Nicam developments and screen-based products for the travel, insurance and bank-

ing industry.

Mr Abbott says that a company's nationality is unimportant. "What matters is that it acts as a true business within its local markets." He insists that Sony fulfils that requireThe triumph of market economics

# Concordat on capitalism

By Arthur Seldon

revolution of 1988-89 ranks with the English Revolution of 1688 and the American and French Revolutions of the 18th century as a political climacter. The world will never be the same again.
Whether old falsehoods have been discarded with open relief or bitter heart-searching, the t minds in economics, politicel science and philosophy are re-examining long-held propositions in the replacement of accialism by capitalism.

The collapse of communism as a creed and socialism as an economic mechanism has persuaded socialists that capital-ism which muchmisss the market and minimises government has finally won the argument. Liberals who have upheld the market and socialists who have accepted it can now join in devising a less imperfect

market capitalism.

The contrasting experience of the politicised and market-based societies of Europe, North America and the Far East suggests points from which to start the debate. Freedom for the common

people is better ensured by the economic democracy of the market on the formula of one man, one vote every day, than by the unpredictable political by the impredictable pointed democracy of the ballot box franchise of one man, one vote every 1,000th day (more or less). On the other 999 days, political democracy serves poli-ticians, bureaucrats and their clients in the organised interests of industry, the professions, the trade unions, the arts, the church.

Money-votes in the market are unequal; but so are influ-ence-votes in the 998 days between political elections. Markets are superior because it is easier to even up money-votes than influence-votes; this is the experience of capitalist America, social democratic America, social democratic Europe and Australasia, the communist Bast, and the socialist Third World alike. "Democracy" — the "social" democracy of Sweden and probably of Poland, the "liberal" democracy of Holland or Belgium, or the "Christian" democracy of Germany and possibly of Hungary — is not enough.

Political "democracy" that takes half of personal incomes to spend on welfare or indus-trial services which give voters as taxpayers little say and less escape can be as oppressive as communist socialism that takes even more than half but is tempered by underground markets it cannot suppress. After 140 years, Abraham

After 1d years, Abraham Lincoln's "government of the people, by the people, for the people" is still an unrealised dream. In the real world, political democracy is of the activist, by the politico, for the organised: of the Busy, by the Bossy, for the Bully.

Bossy, for the Bully.
Government cannot be depended on to redress market failure. Its electoral short-termism, its ignorance of or indifference to individual preference, its vulnerability to pressure groups and its corrup-tion create government failure that is worse than market fail-ure because it is less corrigible. The market incorporates

more effective self-correctives than the state: it is easier to escape from commercial than from political monopoly or

The market incorporates more effective self-correctives than the state

Government cannot be made "accountable" to "participating citizens by transforming every man and woman into a politician. The effort to vali-date, justify or camouflage big government by "active citizen-ship" is an escape from reality, since only a small minority, perhaps no more then 6 per cent, are political people. It is a prescription for consolidating inequity since it aggrandises the political people over the mass of domestic people. It prescribes a weste of human tal-

requires specialised character, temperament, talent. General-ists unschooled in the political activity of organising, agitat-ing, lobbying and putting pres-sure on politicians are induced to engage in public or back-stairs politics to ensure a hearing. Government heeds "demos" more than demos. Democracy is degraded and downeraded.

Politics is a profession; it

"Active citizenship" is ar invasion of personal life. To make the political life the test of "citizenship" is to jettison

We put your ideas into perspective.

division of labour. Most citizens excel in buying and selling. Large numbers are better in artistic, sporting or other non-political creation. And most want to enjoy domestic life with family or friends, to care for neighbours, to serve good causes. For them "poli-tics" is oppressive, unproduc-tive, obtrusive or boring. It is not the source of justice but of

The power of the voter over government is indirect, remote, unsure. The power of the con-sumer in the market is direct, immediate and powerful.

And it can be made more so. The common people would be better empowered by the market. Government should therefore concentrate on the irreducible minimum of goods and services that cannot be supplied in the market. This is the necessary realm of the state, the essential socialism in a centralist society. And it can be made more so. capitalist society.

A basic ethical requirement is a public philosophy that proclaims that man as consume shall prevail over himself as producer; that as producer every individual shall be free to better the product of any other by competitive access to free markets; and that it is immoral for group interests to bypass the people by black-mailing government.

The poor are served better by maximising production than by equalising distribution. To maximise productivity and provide resources for people who cannot earn sufficient for independence, the market should be given its head despite short-lived abuses or excesses.

The market is the most powerful equaliser of inco Equity is better secured by reducing barriers to movement from low-income to higher-income occupations than by political redistribution.

Optimal size of government is unattainable. In the democratic political process the choice is between too little or too much: too little government ownership or too much; too little regulation or too much; too low taxation or too high; too high inflation or too low. The better choice is the risks of too little than of too much government

The author is founder president of the Institute of Economic

in ro-

# **LETTERS**

# It is the exchange rate that really matters

From Mr Andrew Cook.
Sir, The CRI's report ("Company confidence lowest for eight years," September 24) misdirects the blame for the current direction of British manufacturing industry. When will the government and the CBI realise that a percentage point here or there on interest rates has virtually no effect on manufacturers' plans or activity levels? It is the exchange

rate that really matters. We industrialists look for a three to four-year payback on our investments and therefore, if an investment is right at 10 per cent interest, it is still right at 15 per cent. The difference in the cost of the borrowing is not sufficient to invalidate a sound strategic investment decision. However, no investment will be made, whatever interest rates are, if there are no orders. With the pound at its present level against the dollar, lack of orders for Brit-

irec:

raft fall

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THE RIVER

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I believe that most industrialists would agree that the US is the biggest single overseas market for this country's man-

Non Profesor Amin Baltan.
Sir, Charles Leadbeater's analogy of British industry travelling along a cliffside road is apt, as is his view that it is heading to the action of the control o heading towards the edge ("UK plc takes a turn for the worse,"

spremoer 22). It is hard to believe that the same industry is supposed to have undergone an industrial renaissance in the past decade. The current abysmal performance on trade, inflation and interest rate makes me wonder whether we have talked ourwhether we have tanked out-selves into an economic mira-cle which looks more like a mirage with every fresh batch of statistics.

So far, the supply-side gains have been mainly evident through avaricious people making a lot of money using their privileged positions. If the enterprise culture has really flourished, then why is It taking so long to show in the indicators of economic perfor-

The current ills of the British economy are only partly cyclical. The labour shake-out in the 1980s improved productivity on a once-and-for-all basis. But it has yet to form

# Software copyright and the EC

From Mr Andrew Goltz.
Sir, Mr Cleaver, writing about the European Commission's proposed directive on software copyright (Letters, September 17), states that IBM responds immediately to all requests for information necesrequests for information neces-sary for users to attach prod-ucts to IBM computers. However, as many users know, large computer manu-

facturers are sometimes diffi-dent in providing interface specifications. When it comes to publishing such information manufacturers often adopt dif-ferent solicites the others. ferent policies for the stack-ment of third party applica-tion software (usually encouraged); other manufac-turer's computer systems (tolorders in our own domestic market. This is something which, because of national erated) and third party periph-

erated) and third party peripa-erals (discouraged).

While open systems should in theory, provide "the best guarantee of the ability to attach", in practice manufac-turers can design their propri-etary interfaces to work more efficiently than those which they have built using open protocols. Without reverse engineering techniques it is diffi-cult to by-pass such artificial performance bottlenecks.

Mr Cleaver concedes that

sometimes reverse engineering may be required to effect an attachment but argues that "fair use" (or, as it is known in the UK "far dealing") is a good

bests for defining the acope of permissible reverse analysis. Fair dealing is a flexible doc-trine originally created and currently administered by common law judges. There are only two common law countries in the European Community (UK and Ireland). The remainder are civil law countries where a are civil law countries whate a flexible concept like fair deal-ing is unfamiliar and essen-tially unworkable. Further-more, fair dealing is a doctrine of general copyright law devel-oped with respect to traditional

literary works.

The need to conduct reverse analysis is often essential to understand the ideas underlying a computer programme (whereas, in contrast, the ideas underlying a traditional liter-ary work can be studied simply by reading it). Therefore, it is critically important that the terms of the directive be drafted specifically in the context of computer programmes.

I believe the inclusion of a specific provision dealing with

approach. The European Par-liament apparently agrees, as it adopted just such a provision on July 11. on July 11. Andrew Goltz. development manager, Automobile Association

#### The blame for unemployment

From Mr Peter Robinson. Sir, Mr Peter Ashby (Letters, September 24) attempts to explain long-term unemployment in terms of the personal deficiencies of the growing underclass of long-term unem-ployed people. I am in strong disagreement. indicative of its reliance on quick-fix for everything that matters on the supply-side. The real problem of UK pic is twofold. First, it lacks a

Both unemployment and long-term unemployment rose sharply in the early 1980s as the result of deep recession. In the late 1980s unemployment fell as a result of a boom and, on official figures, long-term unemployment fell faster than average. Although some of the fall can probably be attributed to Restart and similar programmes, the bulk reflected

genuine job creation.

This rapid fall in long-term unemployment casts serious doubt on the theory popular in the mid-1980s, and still popular with Mr Ashby, that the long-term unemployed have littie chance of participating in the conventional labour market without special help and

some coercion. Large-scale systematic surveys of long-term unemployed people do not paint as dire a portrait of this group as Mr Ashby's small-scale non-repreentative dialogues. Both unemployment and

long-term unemployment will again be rising sharply over the next year or two. Once again the motivation and personal qualities of unemployed people will be called into ques-tion, but of course the real reason for their predicament will be the coming recession.

We should stop blaming indi-vidual unemployed people for the failure of government, trade unions and employers to tackle those constraints, and especially that of the wage price spiral, which makes steady growth and adequate job creation impossible. Peter Robinson, Campaign for Work, Annexe D, Tottenham Town Hall,

Town Hall Approach Road, N15

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# US economic growth slows sharply

By Peter Riddell, US Editor, in Washington

THE US economy slowed to a virtual halt during the sum-mer, with revised Commerce Department figures showing growth down to an annual 0.4 per cent in the April-to-June

This compares with an ear-lier estimate of 1.2 per cent expansion in gross national product and reflects lower income from foreign trade in services and investments and a smaller rise in business stocks.

Despite the almost negligible growth figure, Mr John Taylor, a member of the president's council of eco-nomic advisers, said the administration was not forecasting a recession.

He acknowledged that higher oil prices would cut likely growth by roughly a half

would still be expansion and adjustments over the longer the economy was expected to rebound during next year to resume a long-term growth path of around 3 per cent. Mr Taylor's assessment is more optimistic than many business economists who have shifted to expecting a mild

recession this winter.
The caution of the Federal Reserve in responding to these further signs of slowdown was underlined yesterday by Mr Wayne Angell, a Fed governor who has recently taken a tough anti-inflation line on its policymaking Open Market Committee.

He warned against any pre-mature cut in US interest rates: "Attempting through an easing of policy to somehow avoid or postpone the implied run."
Mr Angell warned that if the

Fed attempted to increased activity without progress on inflation, longer-term interest mission, tonger-term interest rates could rise.

Mr Alan Greenspan, the Fed chairman, last week tied any easing of monetary policy to the outcome of the budget summit on reducing the Fed-eral deficit. But bankers and

European financial officials in Washington for the Interna-tional Monetary Fund and World Bank meetings believe, and hope, that any reduction in US rates will be small in view of the need to maintain the credibility of a tough antiinflation policy.

The general view is that the Fed will follow, rather than

from the 2.2 and 2.9 per cent real adjustments of the oil lead, the market. Mr Angell shock would only undermine the credibility of policy and tratton in July. But there lead to potentially more severe interest rates, the Federal

Reserve would likely not want to curtail such declines; in the face of falling interest rates, it would not be desirable for the Federal Reserve to hold up the short end of the market."

There is no sign of an early budget deal and both the White House and Congressional leaders are preparing for across-the-board spending cuts of up to \$105bn which will oth-erwise be triggered next Mon-day under the Gramm-Rudman deficit reduction law. Proposals delaying the cuts until October 20 advanced through the House of Representatives yesterday, although the White House confirmed that President Bush was being advised to veto any such legislation.

However, a formal forecast of two successive quarters of expansion of less than 1 per cent would allow the adminis-

a minister responsible for envi-

ronmental issues will be

appointed in each Government department; a new ministerial

committee under Mr John

Wakeham, energy secretary, to oversee policies on energy con-

servation; and regular statisti-

cal reports on the UK environ-ment are to be published.

A programme to encourage

energy efficiency in buildings and in domestic appliances is outlined to deliver the UK's

target of curbing emissions of carbon dioxide, the main greenhouse gas, to 1990 levels by the year 2005.

targets for a tenfold increase in

The document announces

# **Saunders** will not face second Guinness prosecution

By Robert Rice, Legal Correspondent, in London

MR Ernest Saunders, the former chairman and chief executive of Guinness, the UK drinks group, will not face trial in the second part of the Guin-ness prosecution due to begin in January.

Last month, Mr Saunders was jailed for five years for his part in the illegal share support operation mounted during the 1986 Guinness takoever battle for Distillers.

The announcement came fined the fourth Guinness defendant, Sir Jack Lyons, £3m (\$5.6m) for his part in the

Following the sentence, counsel for the Serious Fraud Office said the prosecution had come to the conclusion that "no public interest would be served by proceeding against Mr Saunders on the remaining charges in a second trial." The remaining 14 counts to

which Mr Saunders has pleaded not guilty were not materially different from those of which he had been found guilty in the first trial and for which he had already been

punished, counsel said.

After the hearing, Mr Saunders' son James said he was "glad it was over", but added: "Don't expect me to be grateful because he is not going to be tried for something which he shouldn't have been on trial

shouldn't have been on trial for in the first place."

Sentencing Sir Jack, 74, after a three-hour hearing during which the judge heard of the millionaire financier's previous good character, philanthropy and poor health, Mr Justice Henry said: "Let me say at once I am not going to send you to prison, simply and once I am not going to send you to prison, simply and solely because of the risk to your life that would involve and because I have decided that justice in these exceptional circumstances can be met by a massive fine."

Sentencing of Sir Jack had been postponed from August 28 because he had to undergo an operation on a tumour.

operation on a tumour.
Mr Justice Henry said the dishonesty of Sir Jack's conduct was such that even given

his previous good character he would have imposed a three-Even taking account of his age, ill-health and the giving of his time to charitable causes and the arts, he would have passed a six-month custodial

sentence on him and imposed a heavy fine, the judge said. In the end, however, he had been persuaded by the doctors' evidence that even a short custodial sentence would pose too great a risk to his health. He fined Sir Jack £250,000 for each of the six counts of con-spiracy, false accounting and theft on which he had been

convicted and ordered him to pay £440,000 towards the prose-The fine was less than the 25m imposed on Mr Gerald Ronson, the judge said, because although Sir Jack had been closer to the centre of events than the Heron Group chairman and although a

chairman, and although a wealthy man, he was not as wealthy as Mr Ronson. Mr Justice Henry also explained why he had not made any order under the 1966 Company Directors Disqualifi-cation Act banning any of the four defendants from serving as company directors in future. In Mr Saunders' case he had

run Guinness properly until the Distillers battle and was not likely to be in a position of similar temptation in a con-tested takeover again.

Mr Ronson had run Heron properly and it would not be appropriate to make an order

in his case, the judge said.

Mr Anthony Parnes, a City stockbroker, was broadly in business on his own and the act was not relevant to him, the index not relevant to him. the judge said, while Sir Jack's business dealings were almost entirely in financial management and there had been no complaint about his management of individual portfolios.
Together, the four Guinness
defendants were convicted on
28 counts of false accounting

conspiracy and theft.

Mr Ronson, jailed for a year
and fined £5m, Mr Parnes,

jailed for 2½ years and Mr Saunders, are all serving their sentences at Ford Open Prison, West Sussex. All three have announced their intention to appeal both against conviction and sentence.

# THE LEX COLLARS. The sound of music on Wall Street

Remember the bull market? It was just like old times again on Wall Street yesterday; all it needed was the whiff of a cashrich Japanese predator ready to bet mega-dollars on a tired old takeover target and the shares of MCA jumped by two-thirds in the first two hours' trading. After all, had not its more go-ahead rival Sony sig-nalled the low point of the 1987 market crash by scooping up CBS Records at 20 times earnings? If Matsushita really is going to pay 30 times earnings in a deal more than three times as hig as CBS/Sony, perhaps Wall Street is cheaper than it

There is a certain attractive ness about this line of argument. Unlike some Japanese acquisitions, such as Bridges-tone's \$2.6bn purchase of Fire-stone, the CBS deal was very good for Sony, triggering a re-rating of its shares. Like Son-y's, Matsushita's consumer electronics business needs access to US entertainment software. But unlike Sony, Matsushita can finance the deal out of its not so petty cash mountain,

However, it would be danger-ous to belabour the similari-ties. MCA has a lot more extra baggage which Matsushita would probably have to shed, the stock market is still a third higher than it was back in 1987 and the US is on the edge of a recession. Finally, even Japa-nese investors might be a little concerned about dilution when the Matsushita group is selling on less than 14 times earnings.

#### Tarmac

Tarmac is very big, very rich, and a pillar of the British establishment. So it must be judged by the highest stan-dards, which means comparing it not just to other UK construction stocks, but to the likes of Hanson and RTZ, or foreign rivals like Lafarge Cop-pee. Tan months on from Tar-mac's November 1989 profits warning, which was prompted by the UK's housebuilding shimp, there is a temptation to blame its poor first-half figures on the familiar culprit, high sterling interest rates. That would be too generous to Tar-mac, which in the mid-1980s tied its fortunes too tightly to UK housing. Tarmac is reaping the consequences now.

Driven by housebuilding, Tarnac's taxable profits went roaring up by 30-per cent plus each year from 1986 to 1989. But Termac became a huge cash-consumer, and its net debt has roared up too, to a

Tarmac Share price relative to the FT-A Building Materials Index 150 1980 82 84 86 88 90 Source: Datastropri

probable 2560m at the end of 1990. Now, little is going right operationally; but the tax and interest bills are catching up with Tarmac, and squeezing cash flow and the scope for dividends. With pre-tax profits down more than a third in the six months to June 30, the near-term outlook for Tarmac's housing division is still poor; the black-top business is up against harsh price competi-tion; Tarmac America faces a deteriorating second half; and after spending £40m on a new super-quarry, the quarrying

division's margins are falling sharply. Tarmsc will recover at some point, of course: the one thing you can say with confidence is that its housebuilding profits in 1992 will be a lot better than 1990's. But Tarmac's management has no room for comple-cency when its stock market value is £1.4bm, and its quar-ries alone are worth £886m.

The A\$1.8bn net loss recorded by Elders IXL for the full year is a gruesome memorial to Mr John Elliott's strategic thinking. But the results confirm the impression of a decent brewing business trying to free itself from a weight of rubbish. Net of provisions, the pre-tax figure of \$416m from pressing is 4 per cent up on the

pre-tax figure of \$416m from brewing is 4 per cent up on the year before. For the group as a whole, interest cover — leaving aside the finance business — is still a healthy 3.7 times. But, as always, the problem lies not with Elders itself but with Harlin, the debt-crippled vehicle through which Mr Elliott and friends control 35 per cent of the commany. The spood cent of the company. The good news in yesterday's announcement was therefore the passing of Elders' final dividend, suggesting that Mr Elliott's power to extract money from the company is on the wans. For

Elders' shareholders, the risk remains that Harlin's remain. ing stake could be forced onto the market; but the cash Har-lin will raise from selling part of its holding to Asahi of Japan will doubtless ease the strain. Meanwhile, Elders is stuck Cris

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Company on

**MARK** 

with two of the least promising parts of the Elliott legacy—the hard-hit pastoral business and the remains of the finance division. The latter has reduced its assets from \$45.9bn to \$45.7bn in the course of the year it remains to be seen year; it remains to be seen whether the best bits have been sold first. But taken as a pure brewing business, Elders might be worth the ASLA0 the shares fell to yesterday. Asahi, of course, paid A\$2.15 ten days ago; but that is the price of strategic thinking.

#### Polly Peck

By declining to send inspec-tors into Polly Peck right away, the DTI has neatly lobbed the ball back into Polly Peck's court. If it wants an investigation of its affairs, it will have to give the DTI good reason why. Whether the DTI intends it or not, its letter puts means it or not, its letter purs more pressure on Polly Peck's board, which is no bad thing, given the way the board has been dragging its feet over making a statement to the Stock Exchange. A DTI investi-gation is the right thing in the end, but there is no reason why it should put itself out to order one until Polly Peck starts telling the world what on earth has been going on.

#### Blackwood Hodge When a six-year-old company

shows a profit bar chart reaching for the skies and then refuses to help with the num-bers for 1991 and 1992, one has to be rather suspicious. When it proposes to issue more than a third more shares to buy a problem company operating in huge oversees markets where it is not represented, then one sets to be downright sceptical. HAT's record to date extract be faulted, but in Blackwood Hodge it is buying a company twice its size whose problems have ruined many a manage-ment reputation. The scope for solving Blackwood's tax prob-lems is undeniable and BM has proved that it can make substantial savings from squeez ing working capital. However, it is facing a severe global industry downturn, with an ambitious plans to increase market share. This is one for the venture capitalists.

# UK unveils policy for environment

By John Hunt and David Thomas in London

NEW TAXES to deter the use of gas-guzzling cars, coupled with programmes to encourage the efficient use of energy and the protection of the British countryside, were unveiled yesterday in the government's policy document on the environ-

The paper is the most comprehensive official document ever published on the environnt in Britain and the culmination of the government's attempt to set the environmenends until the turn of the

It ranges from global warming, land use and countryside planning, energy and transport, control of industrial pollution, to recycling and noise control Most decisions, however,

which would require legisla-tion or could increase inflation have been deferred until after

ment secretary, introducing the policy document, said it contained 350 initiatives "ranging from the street corner to the stratosphere". Environmental groups

responded coolly, saying that most of the initiatives it con-tained were not firm commitments or had already been

Lord Melchett, executive director of Greenpeace, said the paper dodged important issues and was worse than he had feared. Mr David Gee, director of Friends of the Earth, expressed disappointment that there were no firm timetables for fuel and vehicle

Taxes to raise the price of energy, widely regarded as one of the most effective ways of tackling environmental problems such as global warming, will not be introduced "in the next few years", the policy doc-

impact of energy taxes both on the inflation rate and on the forthcoming privatisation of the electricity supply industry. An exception is made in the case of transport, where the document says that further taxes on fuel or vehicles may needed to encourage the use of fuel-efficient cara.

filmstere are understood to

have been concerned about the

Transport 2000, the environmental group, welcomed some proposals such as "greening" the MoT test, but said the failure to tackle traffic growth rendered the other measures The policy document

announces several measures designed to increase the pressure for improved environmen-tal policies throughout all government departments. by the prime minister will con-tinue to oversee the implemen-

renewable energy projects, such as electricity from wind and waste burning, by the end of the century.

The Government wants 35

per cent of household waste to be recycled by the year 2000. Details, Page 10, Editorial Comment, Page 15.

# Politics govern make-up of British plans

Alcoa and Kobe sign

joint venture pact

By Philip Stephens, Political Editor, in London

INTENSE political bettles lay behind the shaping of Britain's legislative plans for the envi-

retary, that the final product nted an unprecedented co-operative effort by govern-ment departments, he fought a number of battles against Mrs Margaret Thatcher, the prime minister, and other depart-

The consensus among his colleagues yesterday was that he could claim an honourable

The radical solutions he favoured when he first amounced plans a year ago ran into a stream of objections from the Whitehall bureau-

gatecrasher

Continued from Page 1 clarmed by the ignorance of the free market. The fact that the discussion had turned sub-

stantive was, therefore, a welcome sign, Mr Soros said. However, the trace of disap-pointment in Mr Yavlinsky's

voice suggests that he and his colleagues remain dissatisfied

with the US response. "We want moral support," said one, The administration has little

stomach for speaking out in favour of the Shatalin plan for fear of being accused of med-

fear of being accused of med-dling in internal Soviet affairs and undermining, God heaven forbid, Mr Gorbachev. Even more disappointing, US officials told Mr Tavinnay that there would be no direct US financial assistance or even most-favoured-nation status

most-favoured-nation status for Moscow until the Soviet emigration code is liberalised

in law. This is a blow because west-

This is a blow because west-ern financial experts have cal-culated that the Shatalin plan will require substantial exter-nal assistance to help cushion the Soviet people against the effects of freeing price. The gatecrashers are, there-form more than a little hewil-

fore, more than a little bewil-dered and trustrated. After all,

their very presence in Washington, competing for attention alongside the official Soviet delegation, suggests that something profound has

Russian

hatener. Mr John Major, Chancellor

ronment, announced yester-day.

In spite of the claim by Mr Chris Patten, environment sec-retary, that the final

concede an inch in terms of his authority over tex policy. In parallel, the Treasury's preoccupation with the retail price index meant that Mr Major threw his full weight behind objections to any mea-sures that would push up the inflation rate or involve signif-icant new commitments to icant new commitments to public spending. Mr John Wakeham, energy

secretary, was concerned to rescue the mivatisation of the electricity industry. If the sale were to be successful the gov-ernment had to give a categor-

By Robert Thomson in Tokyo

ALCOA, the US aluminium company, and Kobe Steel, the Japanese metals producer, yes-terday announced a joint ven-

ture agreement to produce alu-

minium can stock in Japan and to develop aluminium products for the automotive

industry. Aluminium has been a sensi

tive trade issue between the US

and Japan, and Mr Paul O'Neill, Alcoa's chairman, said

the agreements were "good for both of our companies and

good for both of our countries'

The companies have agreed

to establish a 50-50 joint ven-

ture company, KSL Alcoa Alu-minium, capitalised at Y10bn

(\$72.5m), which will manufac-ture and market aluminium

can stock from ingots supplied

into hot coils by Kobe Steel.

Alcoa will provide the chair-man for the new company and

Kobe Steel the president, while the capacity of the plant, to be built adjacent to the Japanese

company's facility in Tochigi, near Tokyo, is expected to be

180,000 tonnes annually. The output will be sold in Japan and other Asian markets.

Mr O'Neill said that the

Kobe Steel alliance allows his company "to participate more fully in the Japanese market for can sheet", which is expec-

by Alcoa and then proce

cracy, his colleagues, and Mrs
Thatcher.
Mr John Major, Chancellor
or "carbon" tax. Mr Cecil Parkinson, trans-

port secretary, last year won extra cash from the Treasury for a greetly expanded roads programme. He was deter-mined that that success should not be thrown away by an attempt to force drivers off the

Whitehall insiders say the most important role was exer-cheel by Mrs Thatcher. On one level, she was per-suaded that the taxes and other market-based incentives proposed by Mr Patten would severely damage her already fragile prospect of winning a fourth term in office.

As one minister put it: "She As one minister put it: "She knows that this will be the

ted to grow as aluminium

increases its 35 per cent share of the beverage can market. About 95 per cent of US bever-

age cans are made of alumin-

is the second for Alcoa in

Japan, but company officials yesterday did not want to talk about its unsuccessful partner-ship with Furukawa Electric in

an aluminium rolling project.

from which the US company withdrew in 1985.

leading companies to survive in the world market in the

next century, it will be neces-sary to have the kind of part-

nership" that Alcoa has fash-ioned with Kobe Steel during the past two years of negotia-

Mr O'Neill said that "for

The joint production venture

toughest election since 1979. She is not about to make it harder by promising to hit car owners and to put up the price

On another level, Mrs. Thatcher recoiled instinctively from some suggestions of from some suggestions or tighter regulation and increased state intervantion. Her hand is seen clearly in such phrases as "wide car ownership is an important aspect of freedom and choice". If Mr Patten had to trim his architicum, however, col-

ambitions, however, col-leagues were acknowledging that he had changed the terms of the environment debate. His initiatives marked an explicit acknowledgment by the government that it had a role in environmental policy which it had previously rejected.

# UN has right to use force'

Continued from Page 1 carry out its functions under the UN Charter "without substantive recommendations from this body", he said.

ate agreements had already been concluded between the Council and its permanent members, there would now be no need for individual state to

"In the future, you will see the same thing in Europe. In the world market, you will have to have a relationship with a responsible company and make the products in the country," he said.

Under a separate agreement, the companies will consider the potential for a joint venture to manufacture aluminium products for the Japanese and US automotive industries, and they will research new applications for aluminium in the motor and other industries.

The Soviet Union was pre-pared to assign military contin-gents to serve under the authority of the Council, Mr Shevardnadze said. If appropri-

It is clear that other mem-bers of the Security Council, such as the US and the UK, do not share Mr Shavardunders views on the reactivation of the Military Staff Committee. Having contributed something like 90 per cent of the international forces in the Gulf region, the US, in particular, is anxious to retain the command of its own national forces.

Mr Shevardnadze also made several other proposals to enhance international action in preserving world peace, includ-ing the international registration of certain types of arma-ments that countries produce ments that countries produce or acquire. The Geneva Confer-ence on Disarmament should also be asked to work out pro-posals on the principles gov-erning the sale and supply of arms, which would then be submitted to the next session of the UN General Assembly.

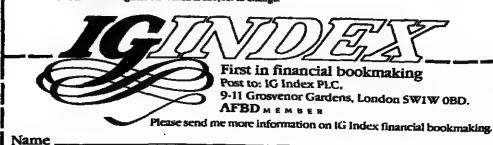
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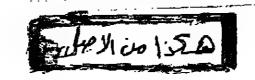


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# **FINANCIAL TIMES**

# COMPANIES & MARKETS

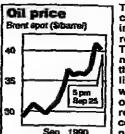
O THE FINANCIAL TIMES LIMITED 1990

Wednesday September 26 1990



#### INSIDE

#### Crisis puts top oil groups on the spot



The big international oil companies are enjoying increased profits as a result of the Gulf crisis. This week's rise to yet new heights will give their profits a further fillip. How much profits will rise depends largely on how long oil prices remain high, but the big companies will be win-ners, although in different ways. Page 24

#### About face on buy-back

On Monday morning the Amsterdam bourse woke up to some unsettling news. Rodamco, the large Dutch property investment fund, announced that it was suspending its traditional policy of buying back shares when asked to do so by investors. Rodamco's sudden switch had a knock-on effect on the Dutch property sector. Following the bourse's decision to suspend the company's shares for two days, trading in at least two other funds was also temporarily halted. Page 22

#### Fashioning a compromise



Couturier Loris Azzaro, whose slinky evening dresses have adorned the likes of Sophia Loren and Tina Turner (left), is back in the driv-ing seat. After 18 months of squabbling with Maurer und Wirtz, the German shareholders in hia company Loris

was agreed which will give him control of the fashion side of the business. The German chemicals group becomes the outright owner of the Loris Azzaro perfume brand name. George Graham reports. Page 22

#### Property for life

Scottish Widows Fund is getting into the property business. The large mutual life assurance group yesterday made a £48.3m (\$91m) cash offer for Connell, the estate agency chain. The deal will give Scottish Widows, until now one of the few large insurance groups without an estate agency operation, a network of 112 residential agencies and 19 provincial commercial offices. David Barchard reports. Page 26

#### **Curbing chemical warfers**



The Dutch Government has declared war on chemical pesticides. New proposals to cut the use of pesticides were unveiled last month by the agriculture ministry and are regarded as the strictest in the world. They will bring tar-reaching changes to Dutch farms. Ronald van de Krof looks at the lessons to be learned from organic farmers and the implications for Dutch agriculture. Page 31

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# Elders' A\$1.3bn loss is Australia's biggest

By Kevin Brown in Sydney

ELDERS IXL, Mr John Elliott's st.ders ixi., Mr John Kliott's troubled brewing, farming and finance conglomerate, yesterday announced a loss of A\$1.3bn (\$1.5bn) for the year to June 30, after writing off A\$1.64bn in abnormal and extraordinary

The result was Australia's biggest loss yet after including abnormal and extraordinary items, and far exceeded market expectations.

The board said it intended to

press ahead with plans to dispose of non-core assets in order to restructure the group around its brewing interests, which include leading Australian brands such

as Fosters Lager.
However, the directors said
they had decided to pass the final
dividend and cancel a planned capital distribution to shareholders because of the slow progress of the restructuring proposals.

The decision is likely to worsen the financial problems of Harlin Holdings, the privately-owned company controlled by Mr Elliott, which owns 56 per cent of Elders.

which owns 56 per cent of Elders. Harlin is dependent on returns from Elders to service around A\$3.6bn in debt acquired to finance the purchase of its con-trolling stake. Harlin recently

proposed the sale of 20 per cent of Elders to Asahi Breweries of Japan for A\$360m, but may not be able to service the remaining debt without income from Elders. Excluding extraordinary losses, Elders reported net profits of A\$132m, struck after abnormal items of A\$208m, compared with a comparable net profit last year of A\$668.6m. Turnover was down from A\$17.2bn to A\$15.4bn,

reflecting asset sales.

The extraordinary loss of A\$1.44bn included losses of A\$491m on the sale to Carter Holt Harvey of New Zealand of a con-trolling stake in Elders Resources NZFP, and A\$206m on the sale of shares in Scottish and Newcastle Breweries of the UK following a failed takeover attempt.

The other leading items were a provision of A\$245m against

losses in the agribusiness divi-sion, largely on wool and pastoral activities, and A\$474m in loan provisions and other costs related to the group's failure to sell the Elders Finance division's busi-

nesses as going concerns.

At the pre-tax level, the only bright spot was the brewing division, which increased profits from A\$530m to A\$583m, in spite

rates on the group's Courage sub-sidiary in the UK.

sidiary in the UK.

The agribusiness division was badly hit by problems in the Australian wool industry, but the prolitable brewing materials and meat businesses helped the division to reach profits of A\$33m, compared to A\$56m last year.

The board said it would retain the pastoral elements of the agri-

the pastoral elements of the agri-business division, which it had hoped to sell or float on the stock market. The future of the busi-ness would be reconsidered once it had returned to profitability. The directors said they were optimistic about the future profit-

ability of the group, which is to be renamed Fosters Brewing Group when the sale of non-brew-

ing assets has been achieved.

The strength and acknowledged expertise of the brewing group the fourth largest in the world will provide sustainable profits with opportunities for steady growth, and is expected to yield attractive returns to share-bolders over time," the board The shares closed at A\$1.35

before the results were announced, compared to a high for the year of A\$2.40. Lex, Page 20



John Elliott: board will press ahead with non-core disposal plans

# **News Corporation shares** plunge to three-year low

By Kevin Brown in Sydney

SHARES in Mr Rupert Murdoch's News Corporation fell to a three-year low in Sydney yesterday amid concern about the group's debt and suggestions that it might withdraw from the Australian Stock Exchange (ASX) unless the exchange changes its listing rules. The shares hit a low of A\$5.48

(\$7.06) before recovering to close at A\$8.74, a drop of 26 cents on the day, following a fall of 60 cents on Monday. The shares last traded below A39 shortly after the global stock market crash in October 1987.

Analysts said the suggestion that the group might withdraw from the ASX had added to worries about the group's prospects after a 43 per cent fall in net profits to A\$282m for the year to June 30.
The limited recovery in the

share price yesterday afternoon followed reassuring comments on the group's financial position by Mr Murdoch in a surprise appearance at an Australian investment conference in New York. He said the group intended to



Rupert Murdoch: reassuring reduce its A\$10.5bn debt burden

through higher earnings over the next three or four years. It was discussing ways of rescheduling the high proportion of short-term debt, and had maintained "a very good relationship" with its leading banks, he said.

Mr Murdoch said the group had no plans for a rights issue, but warned that News Corporation would "make the New York Stock Exchange our home rather than Australia" if the ASX failed to change its rules to allow issues of limited voting and non-voting News Corporation plans to ask

reholders at its amount most ing next month to approve plans for a one-for-one bonus issue of limited voting preference shares early next year.

The issue would be allowable under the rules of the New York

and London exchanges, where News Corporation is also quoted, but would be blocked by ASX regulations.

The national listing committee of the ASX has recommended that the exchange should move into line with London and New

However, the proposal is

opposed by some senior ASX offi-cials and by institutional inves-tors, including the AMP Society, Australia's biggest single share-

# Deputy chief executive is to leave Goodman By Kieran Cooke in Dublin

MR BRIAN BRITTON, deputy

chief executive of Goodman Inter-national, the Irish beef processing group, is to leave the com-

The group, which owes its bankers more than 12450m (£411m), announced last month that it was in financial difficulties and was given protection from its creditors by the Dublin High Court. Representatives of the lending banks are meeting in Dublin today to discuss whether to lend further working capital to the group.

In proceedings in the High Court last week, some banks which have lent to Goodman alleged that they had been given misleading information by Mr Britton. In affidavits read to the court,

two of the banks concerned said that banks were "led to believe by Goodman International and its officers that Goodman Interuntional und its sobaidlaries were in a sound financial position."
Yet it was later confirmed by figures submitted by Goodman

International to the banks that the company was in fact insolMr Britton has until now been regarded as the right hand man of Mr Larry Goodman, head of the privately-held Goodman Last month Mr Tom Walsh,

treasurer of the Goodman group, who was also named in last week's court proceedings, left the company. The outcome of today's bankers meeting will determine Goodman International's immediate future. Mr Peter Pitzpatrick, the Examiner appointed by the High Court to oversee Goodman Inter-

national's affairs, says that by the end of this week company funds will be exhausted. He says he needs an additional 1230m to ensure the survival of

the company until the end of the present cattle slaughtering sea-Though the banks have been

acting in unison on the Goodman issue, it has become clear that some want to see Goodman's operations continue, for the time being at least, while others, mainly Bank of America and the continental banks involved, are taking a more hard line. Background, Page 23

# First half profits decline at Total

By William Dawkins in Paris

TOTAL-CFP. the French state-controlled oil group, yesterday reported a decline in net profits from FFr1.9bn (\$365m) to FFr1.3bn for the first half of 1990. It also said it was holding slightly larger oil stocks than penal as a presention herance of usual as a precaution because of the Gulf crists.

Excluding a FFr1.4bn stock loss, due to falling oil prices early this year, the underlying result was a large jump in net profits from FFr460m to FFr2.6bn, on sales up from FFr51.1bn to FFr53.1bn.

Total made a FFr1.7bn stock result in the same period of last

profit in the same period of last year, and is likely to make another significant stock gain in the current half as oil prices con-

the current half as oil prices continue to rise. Its results sent the shares up 1.4 per cent to FF7720, before falling back to end the day at FFr709, just under the FFr710 opening price.

Mr Serge Tchuruk, chairman, said margins in the refining division, Total's largest profits earner, had not been hit by the oil price rise, thanks to the continuing strength of demand for refined products.

Net profits in the refining divi-

refined products.

Net profits in the refining divi-aion jumped from FFr600m to FFr1.8bn, confirming its growing importance to Total, which until two years ago used to make most of its profits in production. Those activities contributed FFr600m to group profits the FFr600m to group profits, the second most important source of earnings and a swing from a VFr200m loss to the first ball of The group's not debt gearing

The group's hat debt goarms had improved from 47 per cent of shareholders' funds at the end of the year to 42 per cent by the end of June. Mr Tchuruk confirmed that he was considering the sale of his Paris headquarters, estimated by analysis to be worth Worlbn. 2bc. a tactic need worth FFribn-2hn, a tactic used by several other large French npapies to improve their hal-

It was impossible to predict the likely impact of the Gulf crisis on the full year results, though Mr Tchuruk was operating on the assumption that Total's main markets were set for a "mini recession." While the group was keeping crude stocks at the level it would

normally expect during winter, it did not plan to make speculative purchases.

Elf Aquitaine, Total's larger

in ro-ra-3m ces cer of he sit-ed, nid is.

state owned counterpart, yester-day signed an accord with the Soviet Consortium for Commer-cial and Economic Co-operation with France, under which the consortium will help Elf develop its activities in the Soviet Union.

# **UK** government rejects Polly Peck's inquiry call

By Richard Waters in London

THE UK government yesterday rejected a call from the belea-guered Polly Peck International for an official investigation into the circumstances which led to the collapse in its share price last

week. The company's board had asked for a Department of Trade and Industry inspection in an attempt to restore City confidence following last week's The value of the fruit trading

and consumer electronics group fell by more than half last Thursday when it emerged that the Serious Fraud Office had searched the offices of a company linked to Mr Asil Nadir, Polly Peck's chairman and chief execu-The DTI believes that such an

inspection would complicate matters, involving too many groups of investigators. Also, it would not help the company in any way, since a DTI report could not be published "were any court action to arise in relation to the matters under investigation". In a letter to the company yesterday Mr John Redwood, under secretary of state for corporate affairs, said: "I am not at present satisfied that in the circumstances, and particularly in the light of other inquiries, the secretary of state should appoint inspectors under section 432."

This is the section of the 1985 Companies Act under which any investigation would be carried out, according to the DTL Mr Redwood said the fraud office had "the necessary powers to investigate all the allegations of which we are aware." He added that the DTI would

reconsider, if Polly Peck provided more evidence showing "good reason" for an investigation. It would also have to confirm in writing that it was prepared to pay the costs, which "could exceed fim (\$1.88m)".

The Guinness and House of Fraser inquiries each cost more than £1.5m, the DTI has said.

# Biggest UK housebuilder falls 36%

By Andrew Taylor in London

TARMAC, Britain's biggest housebuilder, slumped by more than a third at the pre-tax level from £153.8m to £97.8m (\$184m) during the first half of this year.

The group was one of the fast-est growing and most successful British construction and building material companies during the 1980s. However, it has been hit hard by the collapse of the hous-

ramac, which combines its construction activities with a large building materials business, produces little profit from continental Europe. Other large Brit-ish materials groups such as RMC, Redland and Steetley have been able to shelter behind their continental earnings.

Construction output has risen sharply in Germany and remains strong in France and Spain compared with the UK, where output is expected to fall by up to 6 per cent this year. Housing profits at Tarmac dur-ing the first six months of this

year fell by 56 per cent from £78.1

to £34.1m as pre-interest margins on house sales collapsed. Tarmac, which increased turnover by 18 per cent from £1.52bn to £1.79bn, said it was maintaining its interim dividend at 3p.

Two years ago, British house-builders started work on 216,000 new private homes. This year, private housing starts will be only about 125,000 - a fall of more than 40 per cent. Sir Eric Pountain, group chair-

man, said the downturn in hous-ing had inevitably affected profits at Tarmac's quarry products and building materials divisions. Quarry products profits fell from £46.3m to to £40.3m during the first half. Building materials profits fell by more than 40 per cent from £13.5m to £7.9m. Con-

crete and aggregate margins had been eroded by the downturn in demand from private housing. Brick calcal had also faller Brick sales had also fallen sharply. Sir Eric warned that confidence in the housing market had deteriorated further since June

and little improvement was expected in the short term.
Earnings per share fell from 13.2p to 8.4p after tax and the interest charge increased from 231.4m to £37.7m.
The number of houses sold by

The number of houses sold by Tarmac during the first six months of this year actually increased by 475 to 4,745, but the average price of a home fell from £78,400 to £77,300.

By the end of this year, Tarmac expects to have sold about 11,000 homes - 9 per cent fewer than the 12,085 homes which it sold Most worrying, it says, is the way in which the recession in housing has spread to other areas of UK construction since the

Tarmac's profits in the US rose slightly from £14.6m to £15.1m. This market is expected to become more difficult during the second half, as the downturn affecting many areas of US con-

struction is expected to continue.

Lex, Page 20

# **FREEPHONE 100** £1 billion of PROPERTY

If you're an industrial or commercial operator, developer or investor, looking for property opportunities in England, there is one organisation which can offer you land and premises to lease or buy in 17 prime New

And you need only use one telephone number for information on

property in the North, Midlands and South of England. Last year alone, this organisation sold more than £300 million of property in English New Towns, and they still have in excess of £1 billion worth

of property assets to dispose of. Basildon, Bracknell, Central Lancashire, Corby, Crawley, Harlow, Hatfield, Hemel Hempstead, Northampton, Peterborough, Redditch, Runcom, Skelmersdale, Stevenage, Warrington, Washington, Welwyn Garden City.

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COMMISSION FOR THEINEW TOWNS PO BOX 176, LONDON SW15 1BU.

Ronald van de Krol on reaction to change at the Dutch property fund

resume today in Rodamco, the large Rodamco, the large Dutch property investment fund which stunned the Amsterdam bourse on Monday with the news that it was suspending its traditional policy of buying back shares when asked to do so by investors.

Analysts say a substantial fall in share price is inevitable, with estimates ranging from 10 per cent to more than 20 per cent. The shares closed at Fl 73.30 on Friday.

Though trading remained suspended yesterday, Rodamco's sudden switch on Monday from an effectively end structure continued to have a knock-on effect on the Dutch property sector.
Trading in VastNed, a smaller open-end fund, was

also suspended yesterday, in line with a decision to halt trading in VIB, another open-end Dutch property fund,

Analysts said Rodameo's move — which came as a shock despite provisions in its statutes which allow for a reversal of policy — had also nt in confidence in its owner, the Rotterdam-based Robeco group, Europe's biggest

SVENSKA Handelsbanken, one

of Sweden's leading commer-

cial banks, boosted group oper-

sting profits by 29 per cent for the first eight months of the year, to \$Kr3.34bn (\$583m)

from SKr2.58bn a year earlier. Group operating revenue rose

by a similar percentage to

Profits from mainstream banking operations rose by 17 per cent to SKr2.61bn, while operating revenue climbed to

Interest income for the Han-

delsbanken group increased by 35 per cent to SKr5.05bn, while its return on capital rose to 24.4 per cent for the January-August period, compared with 22.1 per cent for the same period of last year.

Profit per share increased to SKr16.30 from SKr12.80 for the

Svenska Handelsbanken

up strongly to SKr3.3bn

rading is scheduled to independent fund manager. "Robeco's image is tarnished but I think that people believe it when it says that it has no plans to make a similar switch in the way it operates its share and bond funds," one analyst

said.

He also noted that Rodamco had probably benefited from the Amsterdam bourses's decision to suspend trading for two days rather than the standard one day. "Nerves are steadier now, and people see that Rodamco had little choice but

Rodamco had little choice but to suspend its share purchases," he said.

On Monday morning Mr Pieter Korteweg, Robeco group chairman, said Rodamco would no longer buy back shares at their net asset value, a startling break with the 11-year-old fund's previous practice. Over the past nine months, the fund the past nine mouths, the fund had been forced to buy back 20 per cent of its outstanding

shares, causing a Fl 2.3bn (\$1.3bn) drain on liquidity.

Because property is illiquid,
Rodamco would have had to
sell off holdings at big losses to find enough money to continue buying in shares. In effect, Mr Korteweg meant that, after today, Rodamco will be no different from any other share and will be subject to rises and

first eight months of last year. Handelsbanken said its group credit losses had climbed

by as much as 66 per cent over the period to SKri96m, with a 59 per cent jump in the bank

operation's credit losses to SKriasm.

Group expenses went up by 26 per cent to SKr3.11bn, with a 15 per cent growth in the bank's expenses to

the bank's expenses to SKr2.27bm.

The first eight-month results for the group include the activities of Skanska Banken, which was acquired in November. They also include figures from Oslo Handelsbank, which joined the group in May.

Handelsbanken said its operating profits for the whole of this year would be better than in 1989 when they reached SKr3.95bn — an. 8 per cant improvement.

falls caused by supply and

The other implication is that, like other property funds, its share price will stand at a

its share price will stand at a discount to net asset value now that the safety net provided by Rodamco's share purchases has been pulled away.

Rodamco's move exploded like a bombshell on a property market that has been weakened recently by higher interest rates and tears of recession. As the largest Dutch property fund and the fourth biggest in the world, Rodamco is a property investment trend-setter, though the fund has no real equivalent because most prop-erty funds are closed-end.

ntil now, Rodameo had cushioned investors from potential swings in share prices by voluntarily pledging to link them to the net asset value per share of its substantial property

holdings.

This policy was the key to the marketing success of Rodamco, which has built up a property portfolio of F19bn since 1979. During the stock market crashes of 1987 and 1989, Rodamco's shares barely moved while other stocks were buffeted.

Before the opening of trading every morning, the fund would tell the "hoekmen" - market specialists on the Amsterdam bourse – the bid and sell prices at which it was prepared to intervene if its market price threatened to get out of step with net asset values. These prices, in turn, were

based on Rodamco's judgment of the current value of its worldwide property holdings. The daily calculations were affected by a number of factors, the most important of which was exchange rate

A fall in the value of sterling or the dollar would cause changes to the projected value of Rodamco's rental income, as 40 per cent of its holdings are in the US and 34 per cent in

With the suspension of its share redemption policy, Rodamco will now have to decide how often it will publish estimates of net asset value. Although it will be required to release these fig-ures when it issues half-year and full-year results, Rodamco will probably want to do so more frequently in an attempt to restore badly-needed confidence in the shares, analysts

# Reebok warns of earnings decline for third quarter

By Karen Zagor in New York

REEBOK International, the sports shoe maker which has been losing market share to Nike, said yesterday it expected its third-quarter per-share income to drop to between 33 and 35 cents from 44 cents a year explice although the comyear earlier, sithough the com-pany expected improved fourth-quarter earnings. The Stoughton, Massachu-

estis-based company attributed the third-quarter declina to lower US sales of its Reebok brand footwear, and higher expenses for advertising and

Resbok hopes the short-term negative impact of promoting its adjustable-pressure Pump sports shoe will be more than offset by future gains.

Mr Paul Fireman, chairman

and chief executive, said: "Paced by orders for our expanding line of The Pump

products, the Reebok brand's order backlog in the US as of mid-September was 15 per cent higher than a year ago, and US sales of Rechok brand footwear

should resume their growth in the fourth quarter."

Shares in Reebok fell 75 cents to \$9% in moderately heavy trading on the New York Stock Exchange. Pen-York Stock Exchange. Pentiand, the UK consumer goods group which has been trying to sell its 31 per cent stake in Reebok since June, last mouth said it would suspend active marketing of the block until Reebok's share price recovered. At the time, Reebok stock was trading at \$13%, down from about \$18 when Pentland decided to sell its stake.

decided to well its stake. Respok expects earnings of about \$1.53 a share for the whole of 1990, little changed from a year earlier.

25 September 1990

# brings end to acrimony at Azzaro

By George Graham In Paris

MR LORIS AZZARO, the conturier, has agreed a com-promise with Maurer und Wirtz, his German sharehold-ers, ending one of the angriest squabbles in the Paris fashion

Mr Azzaro's deal with Maurer, a chemicals company which holds the licence for Azzaro perfumes, will give him back control of the fash-

inn side of the business.

The two sides had worked together harmoniously for 10 years, with Maurer as perfume licensee for the Azzaro name, but things went sour after 1986, when the German com-pany persuaded Mr Azzaro to sell it 51 per cent of the busi-ness he had founded. Two years later, he was

unceremoniously fired after a series of rows with the managers put in to run the company, which plunged into loss.

After 18 months of lawsuits

and reciprocal insults, Mr Azzaro has come to a working arrangement: he will take 51 per cent of the Loris Azzaro company, covering couture, ready-to-wear and some acces-ment. Maurer and Wirth will keep 49 per cent and become owner of the perfume brand

name.
In his enforced idleness In his enforced idleness since 1988 Mr Azzaro has turned his hand to designing spectacles, watches and lighting fixtures, but he is best known for the slinky evening dresses with which he has clothed the likes of Sophia Loren, Tina Turner and Liza Minnelli.

"A woman must be much more beautiful with my dress on than off. I make them for women to put on and for men to take off," he says.

#### Pirelli dips to L137bn

PIRELLI SpA, the main industrial holding company of the Pireilli tyres and cables group, reported a fall in first-half net profit to L137bn (US\$117m) from L152bn, Reuter reports. It said lower profit from tyres was offset partly by from tyres was offset partly by better results in cables and diversified products.

# Compromise Restructuring at Danish textile group

By Hilary Barnes in Copenhagen

NORTHERN Feather Holding (NFH), the Danish-based inter-national bedding, home furnishings and textiles group, announced yesterday that it had sold 52 per cent of its equity for DKr460m (\$77.2m) to Northern Feather International (NFI) of Holland.

Mr Johannes Petersen, NFH chairman, told an extraordinary meeting of shareholders that the buyers were business partners of NFH in the US, Japan and Germany, investors and trusts. Northern Feather Holding's

share quotation on the Copen-hagen Stock Exchange was suspended at the request of the company on June 29. The deal was made at the average listed price of the shares for the 10 days prior to suspension. The deal will turn Northern Feather into a group with a turnover of about DKr7bn-8bn

a year, with a global presence and strength as a supplier of textiles for the vehicle indus-try, said Mr Petersen.

The group, which two years ago bought Chatham Manufac-

turing, an American textiles manufacturer, has concluded partnership deals with three

new companies: Mount Vernon, a family-owned textiles
group in the US; Tatsumura, a
Japanese company and leading
supplier of textiles to the Japanese vehicle industry; and Hofkammer des Hanses Würtemburg, Germany.

These three will have minority shareholdings in Northern
Feather International. However, in suite of critical ques-

ever, in spite of critical ques-tioning from dissatisfied share-holders, Mr Petersen declined to reveal who holds what in NFI, or to name the members of NFI's board. Shareholders in NFH were also critical of the paucity of financial informa-

paucity of financial informa-tion revealed by the chairman. However, Mr Petersen said that NFH and "friendly" trusts retained control of NFI. He said the deal would benefit shareholders, who would receive the yield on the DKr450m, which would amount to roughly the same as the 10 per cent dividend to be paid, as well as a dividend from NFL

He said that in the year to the end of March, NFH increased profits after net financial items from DKr81m to DKr110m, and net profits from DKr72m to DKr90m.

#### COMPANY NEWS IN BRIEF

MANNESMANN, the West German engineering group, said it was holding talks with other companies about some form of alliance or co-operation with its computer-related operations, writes Our Financial Staff.

The company said it was in talks with companies over a possible partnership in this activity, but gave no details. Mannesmann's statement followed a report that it was negotiating the sale of all or a majority of the shares in the computer operations included in its Mannesmann Kienzle

Analysts have said that a disposal of Mannesmann's computer activities, employing about 4,000 people, was a possibility, as these did not fit in with the rest of the group.

Benetion Group, the Italian casual wear manufacturer, earnings in the first half of 1990 up 20 per cent to L85.5bn (\$56.3m) from L54.7bn in the comparable period of 1989, AP-DJ reports.

Consolidated revenue rose a record 25 per cent to L1.046bn in the first six months, from L836.3bn a year earlier. This was due in part to a rapid expansion in east Asian markets, particularly South Korea

E Sairs Republic Holdings, a Luxembourg-based bank hold-ing company, said it had authorised its subsidiaries to purchase up to 400,000 of its own shares, Reuter reports. The company believes that the purchase of its own stock

at current prices, which are below book value, represents an appropriate use of group corporate funds," it said.

Volker Stevin, the Dutch builder, boosted first-half net profit to F17.im (\$4.1m) from F14.9m. Turnover rose to F11.08mn from F1979m. Operat-ing profit incressed to V114.5m.

# Blackwood Hodge taken over by **BM Group**

Sas

MAL

By Jane Fuller in London

BLACKWOOD HODGE, one of the world's largest distributors of earth-moving equipment, is being taken over by BM Group, the fast-growing manufacturer and distributor of construction equipment and building products.

Blackwood Hodge only just

Blackwood Hodge only just survived the UK recession of the early 1980s, but its problems returned in the first half of this year, when pre-tax profit nearly halved to £3.2m (\$5.8m) and tax charges and reorganisation costs inflicted a retained loss of almost £3m. BM's agreed one-for-seven share offer, which values Blackwood Hodge at about £54m, or 32.7p per share, has been accepted by the holders of at least 62 per cent of the target's stock.

get's stock.

Mr Roger Shute, chairman of BM, said his company was strong in the UK, whereas Blackwood was strong over-seas. The two had a complementary range of construction

BM also announced yester-day a 46 per cent increase in pre-tax profit to £23.1m for the year to June 30. Turnover year to jime so. I tunver advanced by 18 per cent to 2228.4m and earnings per share by 40 per cent to 22.6p.

This compares with Black-

wood Hodge's 1989 figures of £18.3m taxable profit on sales of £497m, with earnings of 7.4p. Mr Shute said on day one of the new operation combined borrowings would be £95m and net assets £143m (£80m BH plus £88m BM). Before the deal BM was ungeared and the 20 per cent partial cash option has a limit of £11m. His prognosis for gearing was that by next June it would

be 62 per cent, falling to 85 per cent by June 1992. In 1991-92, the group was estimated to have a turnover of £780m and he showed eyebrow-raising charts for growth in pre-tax profit and earnings per share. EM announced a final divi-dend of 1-5p, making a total of 2.60 from 2p.

Its share price, suspended on Monday at 245p in London, closed yesterday at 229p. Black-wood Hodge, suspended at 21p, closed at 31p.



# Espirito Santo Financial Holding S.A.

Unaudited Consolidated Interim Results for the six months ended 30th June, 1990.

	Six menting to 30 Jun 90 30 Jun 90 LN \$1005	Six months to 30 Jun 89 (unaudited) US \$7000s	Year to 31 Dec 89 (unaudited) LIS \$7000
INCOME	CO \$ WAS	US # WALE	US # 000s
Interest income and other	000.017	050 104	4 449 600
operating income Other income	392,316 36,267	370,105 28,923	1,162,689 64,495
	428,583	399,028	1,227,184
EXPENSES AND CHARGES			
Interest expense and other operating charges General and administrative	359,065	335,662	1,102,293
expenses and other charges	32,177	22,735	54,121
Provisions	3,954	4,778	17,110
	395,196	363,175	1,173,524
OPERATING INCOME	33,387	35,853	53,660
Amortisation of goodwill	(1,708)	(1,359)	(3,217)
Translation gain (loss)	1,710	(8.337)	(7,147)
Other non-operating income	1,776	540	7,180
Net income before taxation	35,165	26,697	50,476
Provision for taxation	(10,787)	(6,025)	(13,072)
Net income after taxation Net income (charge) attributable	24,378	20,672	37,404
to minority interests	(9,866)	(7,431)	(15,917)
NET INCOME	\$14,512	\$13,241	\$21,487
TOTAL ASSETS	2,106,007	1,802,761	1,596,245
TOTAL LIABILITIES	1,733,794	1,520,177	1,272,004
TOTAL SHAREHOLDERS' EQUITY AND CONVERTIBLE NOTES AND BONDS	\$236,586	\$214,395	\$227,406
Earnings per share*	\$1.85	\$1.90	\$2,93
Notes	<del></del>	4	

calculated on the average number of shares in issue during the period. (Six months to 30 June 1990: 7,859,314; nths to 30 June 1989: 6,966,301; and year to 31 December 1989: 7,323,500.)

CHAIRMAN'S STATEMENT

"I am pleased to be able to report good results for the half year to 30 June 1990 across practically the whole range of our businesses. ESFH as a Portuguese oriented multinational group is well placed to take advantage of the opportunities arising from the expected unification of EC markets in 1992 and the anticipated growth of the Portuguese economy.

"The Directors of Espirito Santo Financial Holding are confident that the Group's progress will continue."

Copies of this interim statement may be obtained from we Office of E.S. International Holding S.A., 99 Gresham Street, London EC2V 7NA.

MANUEL RICARDO PINHEIRO ESPIRITO SANTO SILVA, Chairman of the Board.

Consolidated sales of BSN during the first six months of 1990, ended June 30, came to 26.9 billion french france, against 23.2 billion french france for the 1989 relevant period.

In the 1990 period, net income was 1,509 million french france against 1,413 million french france a year earlier, a gain of 6.8 %. .

It should be noted that net income at June 30, 1989 included, for one month, financial costs related to the acquisition of Nabisco biscuit companies, but did not take into account related profits. In addition, first half of 1989 figures included the capital gain recorded after the divestiture of unbranded activities in the US in the field of biscuits. The profit for the period ended June 30, 1990 is including the restructuring costs related to the closing down of the plant at Dannon (Dairy Products) in Ridgefield, New Jersey in the US.

Operating income, after depreciation but before net interest expense and taxes, amounted to 2,873 million french francs against 2,558 million french francs during the first half of 1989. The breakdown by Division was as follows:

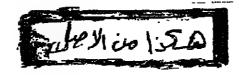
millions of french francs)	6/30/1989	6/30/1990
Dairy Products	541	499
Grocery Products	443	499
Biscuits	522	479
Beer	_ 497	550
Champagne, Mineral water	318	453
Containers	342	413
Total operating income of Divisions	2,663	2,893
Unallocated income	(105)	(20)
Group operating income	2,558	2.873

The consolidated figures of BSN for the first half have been reviewed by the Statutory Auditors and have received the legal certification.

The first half results are consistant with our forecasts; in 1990, results will benefit from an extremely hot summer, boosting mineral water and beer consumptions; profits of Kronenbourg and Evian, for example, have been very satisfactory during the summer.



FRANCE'S LEADING FOOD AND BEVERAGE GROUP



Société Générale de Surveillance Holding S.A.

**Extraordinary General Meeting** 

480.000 registered shares with a par value of Str. 100 each, with warrants, offered to the present registered shareholders.

135.066 bearer shares with a par value of Str. 500 each, with warrants, offered to the

42,200 becrer shares with a par value of Str. 500 each, excluding preferential

issue of 110,649 bans de jouissance, catetary A, in begrer form, without par value,

Holden of bearer shares who wish to participate at the general meeting or be represented are asked to deposit their share(s) (or a proper attestation of their deposit with another bank) at the latest on <u>Friday. October 5th. 1990</u>, at any of the branches in Switzerland of Union Bank of Switzerland. Their shares will be kept on deposit until the end of the general meeting. A receipt and an admission card will be remitted to them. No admission card will be delivered after October 5th or at the entrance of the meeting.

The convening notice, together with the request for an admission card, will be directly sent to the registered address of the <u>notices of the registered shares</u> on record on September 17th, 1990. From September 18th to October 12th, 1990 no registered share transfer will be entered into the share register. The voting rights attached to the registered shares sold before September 17th to a new shareholder who is not yet registered belong to the shareholder of record.

The proposal of the Board of Directors and the amendment to the Statutes relating to it will be at the disposal of the shareholders at the registered office of the Company and at all branches in Switzerland of Union Bank of Switzerland, Pictet & Cle., Banque Julius Bar & Co. S.A., Bordler & Cle., Banque Sarasin & Cle. and Banque J. Vontobel & Co. S. A., as from September 24th, 1990.

on behalf of the Board of Directors

The Chalman

**Elisabeth SALINA AMORINI** 

Interim Report Highlights 1990

Jardine Matheson

+27%

+17%

"The rate of increase in the Group's interim earnings is unlikely to be repeated in

the second half. Nevertheless, we are confident that the full-year results for 1990

US\$ million

2,454.0

136.7

142.9

279.6

(32.1)

(30.1)

217.A

123.3

123.3

(16.3)

107.0

24.42

22.56

(94.1)

US\$ million

2,138.4

107.1

1129

220.0

(26.1)

(26.1)

167.8

(63.9)

141.5

(13.4)

128.1

19.25

18.08

will show a satisfactory improvement over the record levels of last year."

Excellent performances from subsidiaries and associates

■ Full listing granted on The International Stock Exchange, London

HALF-YEAR RESULTS

subscription rights, reserved for the exercise of the warrants,

ith warrants, offered to the present holders of bons.

on Friday, October 12th, 1990 at 3:00 p.m. at the Noga-Hilton Hotel, Ballroom, Mezzanine, 19 qual

Access will only be authorised upon presentation of the admission card which must be remitted at the entrance before 2:50 p.m. The doors will close at 3:00 p.m. precisely.

Capital increase and issue of bons de jouissance, category A (\*spiil")

Capital increase of Str. 136,633,000, by the issue of:

present bearer shareholders,

subscription and payment of the new shares

3. Amendment to Art. 5, para. 1 and 2, of the Statutes.

Geneva, this 24th day of September, 1990

The shareholders are hereby convened to an.

The doors will open at 200 p.m.

<u>AGENDA</u>

Auditors' report.

8, rue des Alpes - Geneva

**Cummins warns** 

in fourth quarter

CUMMINS Engine, the world's sures to cut costs in response to the weakening market consideration that considerations are considered to the weakening market consideration.

Sasea takes 20% stakes

SASEA HOLDING, the parent company of the investment banking group controlled by which in 1988 acquired hold-

COMPANY NOTICE

MALAYSIA MINING CORPORATION BERHAD

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY CIVEN that an Extraordinary General Meeting of the Company will be held at The Paddock, 30th Floor, Rusia Lumpur Hilton, Lot 1157, Jelan Sultan Issaell, 50250 Kuala Lumpur on Monday, 15 October 1990 at 11.00 a.m. for the purpose of considering and, if thought fit, to peak the following as an analysis of the purpose of considering and, if thought fit, to peak the following as an analysis of the purpose.

"THAT approval be and is hereby given for the Company to divest 25,641,000 ordinary shares of 50 sen each in Sime Durby Berhad for a total cash consideration of 599,999,000 to Permodulan National Berhad, subject to the terms and conditions

eed upon by both Malaysia Mining Corporation Berhad and Permodalan sional Berhad: AND THAT the Directors of the Company to and are hereby

actitionally surporised to take all such steps as they may deem necessary or dient in order to implement, finalise and give fall effect to the said divestment."

NOTES:

1. A member emitted to attend and vote in the meeting is emitted to appoint one or

A form of proxy to be valid must reach the Malaysian Registrars' office at Peruss Charter Management Sch Bod, 32nd Floor, Menera PNB, 201A, Jalan Tun Razak, 50400 Kuala Lumpur Malaysia or the United Kingdom Registrars' office at Berchys Registrars Limited, 6, Greencost Place, London SW1P 1PL.

**PUBLIC MOTICES** 

The Monopolies and Mergers Commission is

investigating whether there is a monopoly in the supply in the United Kingdom by manufacturers and importers of indirect electrostatic photocopiers and, if so, whether any aspect of such supply operates against the public interest.

Any persons wishing to give information or views on the matter should write as soon as possible, but not later than 30 November 1990 to: The Reference Secretary (Photocopiers), Monopolies and Mergers Commission, New Court, 48 Carey Street, London WC2A 2JT.

WEST WITWATERSRAND GOLD HOLDINGS LIMITED

("WestWit")

(incorporated in Republic of South Africa)

Jimberlana Minerals N.L. (Inc. in Vic. Australia) intends to apply within 21 days for the issue of a duplicate capy of the tollowing los

No. of Shores 18,000,000

Please direct queries to: Patrick Ellott c/o Ferrier Hodgson & Co. Ph: (612) 2344555 Fax: (612) 2902638 or 55 York Street, Syney, 2000

1,000,000 400,000

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010186

A MERCINE AND A PROPERTY OF THE PARTY OF THE

MMC INVITES

THE SUPPLY OF

PHOTOCOPIERS

**EVIDENCE ON** 

England, not less than 48 hours before the meeting.

re proxies to attend and vote in his stead A proxy need not be a member of

in three oil companies

to the weakening market conditions, including the reduction of engine assembly at its headquarters facilities in Columbus, voluntary lay-offs and

salary cuts. It does not expect

the North American heavy-duty truck market to

Cummins also plans to begin

a tender offer for its outstanding liquid yield option notes (Lyons, \$375m principal amount) on or about September 26 at a price of \$270 per

\$1,000 principal amount of

Lyons. It said the purchase of Lyons in the private transaction would result in an extraordinary gain of about \$12m. The planned purchase of the remaining Lyons would result in an additional coin of \$22m.

in an additional gain of \$22m

Cummins' third-quarter projec-

tions do not include these one

ings averaging 38 per cent in several companies in the

Rivaud Group. This move was intended to facilitate the ambi-

tion of Mr Parretti to secure control of the Pathé cinema

chain in France – an ambition which has been thwarted by the French government.

Mr Gilles Somers, Sasea's

secretary-general, said the Geneva-based holding company had secured a substantial

capital gain from the transac-

The exchange would re-

inforce the group's activities in the energy field. Sases has a 35 per cent stake in Tamoli (Sur-

see) which recently took over Gatoil, Switzerland's fourth largest oil company. The

majority partner in Tamoil is Libya's Oilinvest.

By Order of the Board
ABOUL MALEK ABOUL MAID

WAN MOHAMED WAN YUSOFF

not give a figure.

improve in the near future.

of further loss

or diesel engines, yester-day said it expected its third-quarter loss to exceed the \$39.7m reported in 1989 and to report a fourth-quarter loss.

Cummins attributed its worsening fortunes to the accelerated decline in demand

for North American heavy-duty trucks, the soften-ing of related markets for com-

ponents and replacement parts and lower sales of generator sets for recreational vehicles.

The Columbus, Indiana-

based company had earlier warned it expected to report a loss in the three months to the end of September because of the continuing slump in North American demand for

American demand for

heavy-duty truck engines, but thad expected the deficit to be smaller than a year earlier. Cummins has taken mea-

By William Dulfforce in Geneva

banking group controlled by Mr Florio Fiorini, has acquired

20 per cent stakes in three oil

companies belonging to

France's Bollore Group in part exchange for its holdings in Rivaud Group companies.

Bolloré, in association with

Credit Lyonnais Investissement, is paying FFr1.7bn (\$322m) for the shares held by

Sasea and Comfinance, a com-pany owned by Mr Glancarlo Parretti, in Sociin (Financiere

des Caoutchoucs) and Planta-tions des Terres Rouges (PTR).

sons oss verres kouges (PTR).
Sases held 37 per cent of FTR.
In addition, Bolloré is buying for FFr400m Sasea's package of Rivand shares, including a 5 per cent stake in Financière de Moncey.

In reduit Sasea Bolling la

In return Sassa Holding is acquiring 20 per cent shares in the capital of Bolloré Energie (France), Calpam (Holland)

ge b G

INTERNATIONAL COMPANIES AND FINANCE

Accusations fly

over proposed

**UAL** buy-out

by employees

THE UNITED Airlines Pilots Association, one of the unions still labouring to put together an employee-led buy-out of the US carrier, has accused UAL chairman, Mr Stephen Wolf, of telling his board that the employee-initiative does not have the full backing of workers, writes Nikki Tait.

"Mr Wolf is telling UAL's board the employee ownership

board the employee ownership initiative is not broadly sup-ported by the union rank and file — only the union leaders want it to happen in his opin-ion," claimed a letter, made public on Monday, from the

pilots' association to its mem-

It urged members to affirm their support and warned that the board "may even be fur-ther misled by an anti-ESOP

[employee share ownership plan]/pro-Wolf letter-writing campaign which is currently

being conducted... by anony-mous sponsors."

UAL said there was "grow

ing concern in the industry about being a highly leveraged carrier in these uncertain times". Mr Wolf, said the airline, had received many concerned letters from employees.

The pilots' association interested that if members were opposed to the hoveant plan 14

added that if members were opposed to the buy-out plan it would return to regular wage negotiations and was "confident in our ability to confront senior management...up to and including a strike".

Publication of the letter comes only days before a UAL board meeting, at which the any proposals which the

any proposals which the buy-out team puts forward. The board has given the unions until October 8 to secure financing for a bid. • Lockheed, the US aerospace

group, delivered a further rebuff to Dallas-based inves-tor, Mr Harold Simmons, say-ing it would not alter the

group's poison pill provisions so that his NL Industries could

raise its Lockheed stake. It

agreed to suspend the provi-

ers backed a fully financed.

Mr Simmons, who controls NL Industries, had proposed acquiring a further 10m shares, taking NL's stake to about 35 per cent.

By Richard Johns in Mexico City

THE AWARD of the state-owned Cananea copper company to Mr Jorge Larrea's Grupo Industrial Minera

Mexico (GIMM) in alliance with ASEC-Union Minière of

Belgium at a privatisation auc-

tion held last month is facing an 11th-hour challenge from a consortium called Statemen.

It is alleging irregularities in the bidding process and breach of Article 28 of the constitution

forbiding private monopolies.

It is offering a 25 per cent stake to the mine workers' union

about Mr Larrea's company owning Cananea because of GIMM's treatment of the labour force at the nearby La

Caridad mine of Mexicana de

Cobre, also owned by GIMM.
Sintemex's complaint was lodged with Nafinsa, the state development bank, last week

before the deadline for pay-

ment of \$475m, the winning bid submitted by GIMM in the auc-

tion. Ownership of the mine-would give GIMM about 95 per-cent of Mexican output.

HACHETTE Publications, the French publishing group, said it had terminated the employ-ment of Mr Peter Diamandis,

officer of its US offshoot Dia-

mandis Communications, as of

Monday, Reuter reports. Hachette said that, although

carry a Coupon Rate of 8.5625% per ann

rest rate of 65k% per annum with an inte

BANQUE PARIBAS LUXEMBOURG

Agent Bank

Interest sercont per Floor Wastert tranche A : O

The relevant interest payment date will be March 26, 1981.

At an earlier auction held on

June 25, Dr Ricardo Sanchez. \$700m.

Diamandis to leave Hachette

U.S.\$900,000,000

Floating Rate Subordinated Loan Participation Certificates due 2000

ksued by Salomon Brothers Aktiengeselischaft for the purpose of financing a subordinated loan to

Notice is hereby given that for the two months interest period from 26th September 1990 to 26th November 1990 the Certificates will

Mitenbiehl Bunk (Europe) S.A. As Agent Bank

US\$ 200,000,000

BANQUE D'ARBITRAGE, DE TRESORERIE ET D'INSTRUMENTS FINANCERS

BATIF (Transhe A and Tranche B)

due March 1996

anteed Floating Rate Notes with Guaranteed Floor Warrants

oer 28, 1990 to March 26, 1991 the Notes will carry ar

est amount of USOCL 427.36 per USOCL

Coupon payable on 26th November 1990 will amount to:

US\$1,450.87 per US\$100,000.00 Certificate and US\$14,508.70 per US\$1,000,000.00 Certificate, respectively

The Mitsubishi Bank, Limited

Union members are unhappy

Consortium challenges

**GIMM** bid for Cananea

all-eash offer.

Acer plans to set up

FCL sells fishing operation

to Carter Holt Harvey

large manufacturing plant in Europe, which had been under consideration for some time, was still needed.

was still needed.

Mr Philip Peng, vice president for corporate finance, said that European manufacturing should be ready for 1992, which indicated a move by the end of next year. A budget of US\$30m was likely if a new factory was built, or US\$50m if a company was taken over.

was taken over.

This is likely to spark extensive competition from European countries wanting to

attract Acer. Mr Peng said the

UK was one possible choice because of good investment incentives and relatively low labour costs. West Germany

could offer high productivity and, as with the UK, had an established infrastructure.

Apricot Computers of the UK

was looked at by Acer as a

possible purchase, but was judged too expensive and was bought by Mitsubishi of Japan.

pany in New Zealand fishing. Sealord will expand its fish-ing fleet from six to eight ves-

sels and the purchase will more than double its exports to NZ\$300m a year. It will have a

In a separate deal FCL is selling its deep sea vessel FT Acona for about NZ\$51m to

American Seafoods of Seattle.

Fletcher Challenge does not

expect earnings to Improve in

expect earnings to improve in the next 18 months, said Mr Hugh Fletcher, chief executive officer, Reuter reports.

He said that the group would see depressed earnings unless there were unexpected improvements in the pulp and maner sector. The company

paper sector. The company

paper sector. The company reported per share earnings of 55.7 cents in the year to June 30, down from 80 cents in a comparable period a year earlier. Net sarnings in the latest year were NZ\$862.4m, against NZ\$863.4m.

Profit before taxation

Earnings per share

Dividend per share

HENRY KESWICK, Chairman

Turnosor

Operating profit

- sesociates

Outside interests

Profit after taxation

**Extraordinary items** 

Profit attributable to

Transfer to reserves

Earnings per share

- fully diluted

Dividends per share

**Shareholders** 

Dividenda

- basic

**Jardine Matheson Holdings Limited** 

Share of profits less

lonees of associates

undertakings

and outside interests

Company and subsidiary

Profit before taxation

25th September 1990

**European factory** 

By John Elliott in Taipel

ACER Incorporated, Taiwan's biggest producer of personal

computers, is planning to establish a European manufacturing presence costing an estimated US\$30m to US\$50m by

the end of next year.

Acer is considering either taking over an existing company or opening a new factory.

The most likely locations are

West Germany, the UK or

Early in July, Acer clinched its largest international acqui-sition when it bought Altos

Computer of the US, a Silicon

Valley producer of computer systems, for US\$94m. This was the culmination of a series of smaller acquisitions in Europe

Mr Stan Shih, founder and chairman of Acer, said recently there was a need for a "more

conservative approach" to acquisitions because of

restricted growth. Profits, which totalled US\$6.4m before

tax on turnover of US\$688.9m, were below forecasts. But a

By Terry Half in Wellington

FLETCHER Challenge ended

its long-standing involvement in New Zealand's fishing indus-

try yesterday with the sale of its deep water operations for NZ\$139m (US\$87m) to Carter

It has raised a total of NZ\$210m through the sale of

its fishing operations since May when it decided to concan-

trate on businesses in which it could be internationally com-

FCL said it could not acquire any sizeable overseas fishing businesses to link with its New

Zealand operations and so decided to withdraw completely. The sale means that FCL has sold NZ\$490m of noncore businesses this year.

Carter Holt Harvey, which is ECL's higgset approximation.

FCL's biggest competitor in FCL's biggest competitor in Rev Zeeland Rorestry, has had a long involvement in fishing and as a result of the latest purchase its Seelord subsidiary becomes the dominant com-

head of the Sintemex consor-

tium, claims it was prepared to submit a \$600m offer at the last

minute but the judge had

absented himself and the com-pany was unable to submit the bid before the deadline. Mexi-

can law states the government must accept the highest bid in such sales, Dr Sanchez said.

The mine was provisionally awarded to the Cuprifera de

Cananea consortium led by the ICA construction group with a

\$465m offer but the award was

annulled because it could not

meet the payments schedule. Sintemex claims further

irregularities at the second auction, including a wrongly

Dr Sanchez said last week

the consortium comprised 23 companies, had arranged finan-

cing and had access to technology, but would give no details.

In the privatisation exercise

the government is assuming a substantial loss as Nafinsa is assuming debts of the old state-owned Compania de Can-

anea (declared bankrupt last

August) amounting to about

Mr Diamandis' contract did not

expire until December 31, it had been mutually agreed his employment would be ended.

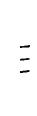
assume Mr Diamandis' duties. The company would be re-named Hachette Publications.

Mr Daniel Filipacchi, Hach ette chairman, said he would

presented letter of credit.

Holt Harvey.

and the US.



Year ended

31st December

US\$ million

4.638.1

231.7

469.7

(57.2)

(54.9)

357.6

(162.5)

195.1

43.6

238.7

177.3

USe

38.60

36.15

12.18

Because virtually everything that affects

the world affects the

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liquidity of established contracts combines with

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crude oil replacing that lost from Kuwait is likely to be

heavier - requiring more sophisticated refining to

extract a given value of prod-ucts — oil companies with more of this capacity will do

Chevron, the US's largest refiner, is largely on the west coast where refineries are already geared to dealing with

heavy crudes from Alaska. Others benefiting are Arco and Unocal, while Amoco has more

capacity in the mid-west where lighter crudes are usually han-

dled, according to Ms Fiona

Nicol at broker Kleinwort Ben-

The petrochemical industry

Richard Gourlay looks at the impact of the price jump on the world's leading suppliers.

his week's rise in Brent crude oil prices to fresh heights will be a further fillip to international oil company profits already boosted by pany profits already boosted by the Iraqi invasion of Kuwait.

How much profits will rise depends largely on how long oil prices remain high, but the Gulf disruption will leave the big companies winners in dif-ferent ways.

Three factors determine how oil company profits will rise in

oil company profits will rise in oil company profits with rise in the short term. The first is the location of oilfields — whether they are in areas where the marginal tax rate on oil pumped from the ground is high or low; how much refin-ing and marketing capacity the company has relative to its oil production; and to what extent the company has invested in the troubled petrochemical

industry.
Based on stock market valuations in dollar terms, Amerada Hess, the US independent, is leader of the pack with an 11.7 per cent increase in its share price since the invasion. Other US majors, Unocal and Atlantic Richfield, have risen 8.5 and 8.0 per cent respec-tively, followed closely by Brit-ish Petroleum with a 7.6 per cent rise. In the middle are Mobil with

In the middle are Mobil with a 2.5 per cent rise, and Shell and Texaco whose share prices have barely edged up. At the tail end are Chevron with a 1.1 per cent fall, Exxon down 1.4 per cent and Royal Dutch which has slid 3.7 per cent. The Dow Jones Industrial Average and the FT-SE 100 indexes have fallen more than 13 per have fallen more than 13 per

cent in the same period.

Stock markets tend to be more influenced by immediate factors, such as the oil price, than longer term considerations such as whether the company has natural gas investments. Nevertheless, the tock markets are probably the best measure of relative

changes in value. In general, the more an off company's profits come from crude oil production as opposed to refining, distribu-tion or petrochemicals, the more the profits will rise in the short term on crude price rises. BP derives 54 per cent of its operating profit from produc-

By Angus Foster in Hong Kong

the Bermuda domiciled trading

company controlled by Britain's Keswick family, has reported strong interim profits

growth and announced it has

been given permission to list its shares on the Australian

The company said profits after tax and outside interests gained 26 per cent to US\$123.3m in the six months to

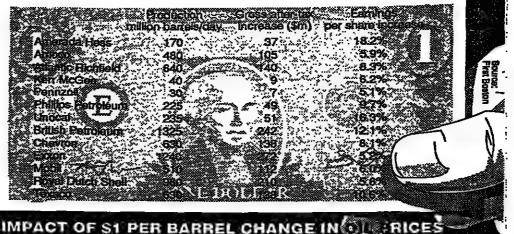
the end of June. Mr Henry Kea-wick, chairman, said the rate of profits growth was likely to slow in the second half. But full-year results were still

full-year results were still expected to show a "satisfactory improvement" over last year's record figures, he added. Turnover gained 14.5 per cent to \$2.45bn. Earnings per share rose 27 per cent to 24.48 cents. The company is raising its interim dividend 17 per cent to 3.15 cents.

In a separate statement

to 3.15 cents.

HUINE E



where it is the largest producer, most of its output is from Alaskan fields where it faces marginal tax rates of only 34 per cent. No other lead-ing oil company derives as high a proportion of its oil production from fields concentrated in so low a tax regime. accounted for 34 per cent of 1989 operating profit and its more geographically dispersed fields left it facing a marginal

tax rate of 64 per cent.
Amerada Hess, Arco, and to
a lesser extent Unocal are the other big winners because they derive high proportions of operating profits from produc-tion or are big in Alasks.

xxon, the US giant, has significant Alaskan interests but fewer than these other companies. Its shares may not reflect the full impact of higher oil prices as it is a till languishing somewhat under the cloud of the Exxon Valdez disaster.

affected by how much natural gas they produce. Shell has diversified more than BP into gas, a move some analysts believe stands it in better stead iong term. However, contracts in Europe are generally linked to the price of oil with a six-month lag.

In the US, gas prices have lost some of these links with oil prices. As a result, the big gas suppliers Chevron and

Jardine lists in Sydney as

interim profits jump 26%

ny saki listing its shares on

stock exchanges other than

Hong Kong was in line with its more international business

Nearly 50 per cent of profits after tax and minorities are earned outside Hong Kong and

China, compared with only 84

per cent in 1988. Jardine Matheson's interests

in Australia, through subsid-

the Franklins supermarkets

chain, the third largest in the country. The company also owns an insurance broker, a merchant bank, motor dealer-ships and franchises for Pizza

Earlier this year Jardine Matheson was listed on the

International Stock Exchange

in London and on the Luxem-bourg bourse. Other companies

Hut restaurants.

and shareholder base.

Amoco have had to watch relatively larger oil producers profit more from crude oil
prices while demand for gas
has remained relatively sluggish, according to Mr Dillard
Spriggs, president of New York
based Petroleum Analysis.
The second factor bearing on

relative growth of earnings is refining and distribution. Pre-vious oil shocks have severely squeezed refinery margins— the value of the refined profits less the cost of the crude oil But because Iraq's invasion removed about 750,000 barrels a day of refined products from

world markets as well as crude oil, refinery margins have risen sharply and now stand close to record levels.

The refiners should have been in clover. Contrary to this

popular view, refiners have been unable to pass on the full increases at the petrol pumps and marketing margins are being squeezed, according to Mr David Gray, analyst at stockbroker James Capel.

The big winners are companies that refine more than they distribute. Ultramar, for exam-

distribute. Uitramar, for exam-ple, refines about double what it retails, selling the balance wholesale at world market prices. Analysis find it hard to determine whether improved refinery margins will be fully offset by squeezed marketing margins, Mohil's chairman, Mr Allen Murray, believes combined profits will fall.

Some refiners will be better placed than others. As the

Jardine executives say the

moves overseas are designed to

attract international interest and lift its share price. In Hong

Kong, the moves are partly

seen as an attempt to distance the group from the colony's problems in the lead up to 1997

and the return to Chinese

results reflected good performances from subsidiaries and

associates. Last week associ-

ates Dairy Farm and Hongkong

Land announced interim prof-

its at the top end of market

expectations.

Jardine Fleming, an invest-

ment banking joint venture between Jardine Matheson and Robert Fleming of London, had an "excellent first half" and

lifted funds under manage-ment, Mr Keswick said. That

performance is unlikely to be repeated in the second half, due to the Gulf

overeignry. Mr Keswick said the strong

hangs over what would other wise he a rosy picture for the oil companies. Here all operators are facing a doubling in the price of their main feed stock, naphtha, while overcapacity in the industry means they are struggling to pass on price rises to their customera. Shell has the greatest exposure to petrochemicals. This sector provided 25 per cent of group operating profits in 1959, compared with 18 per cent for BP.

The profits decline had been arrested by the interim stage this year before the Gulf crisis-but a further dent in earningscan now be expected, says Mr. Gray. In the US, Exxon, Amoob and Shell US have the largest arresure to petrochemicals exposure to petrochemicals and all are being hit further by a decline in consumer spend-ing due to the economic slow-

hese factors leave of companies with a mixed albeit positive picture.

The companies' increased value as a result of the Guillerists lies in oil still in the ground. This will be reflected. in asset values rather than immediate improvements in

Oil companies are unlikely to try to bring on stream new production until they are more certain that the higher price-levels are likely to persist, an assumption that is difficult to make while so much uncer-tainty remains in the Gulf.



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Notice to Shureholders

Shareholders of Intrum Justitia NV whose registered office is at Fullstraat 6, Willemstad, Curacao, The Netherlands Antilles, are hereby informed that the Management Board resolved to declare on 6 September 1990 an interim dividend of 0.6 pence per share payable on 26 October, 1990. Bearer shareholders are asked to submit Coupon No 4 to the Paying Agents for collection of the dividend. Shareholders who have not returned share certificates in the name of Intrum International NV in exchange for new share certificates in the name of Introm Justitia NV should do so immediately.

Paying Agents

Kredietbank SA Luxembourgeoise 43 Boulevard Royal L-2955 Luxembourg

Hambros Benk Limited 41 Tower Hill .00000

Return of Share Certificat

Registered Shares The Royal Bank of Scotland Pic PO Box 435 Owen House 8 Bankhead Crossway North

> EH114BR F.a.o. Mr D Gilchrist

EC3N4HA The Royal Bank of Scotland Pic

Registrars Departme 29 Chresham Street London ECZY 7FIN

F.s.o. Mr D Ladd

# **ALUMINIUM**

The Financial Times proposes to publish this survey on:

24th October 1990

For a full editorial synopsis and advertisement details, please contact:

Anthony Haves on 021-454 0922

or write to him at:

George House George Road Edgbaston Birmingham B15 1PG

**FINANCIAL TIMES** 

# in the group, such as Hong-kong Land and Mandarin Ori-ental, are seeking London list-ings. **Amalgamated Steel Mills** turnover improves 34%

By Lim Slong Hoon in Singapore

(ASM), Malaysia's largest industrial group, lifted its turnover 34 per cent to M\$1.3bn (US\$481m) from M\$952m for the year to June. Group pre-tax profit jumped 67 per cent to M\$101m.

The steel, motor and retail divisions were its main con-tributors, and the improved results were due to a buoyant economy and a fast expanding

However, net earnings, at 4\$45m, were down from M\$0.14 a share to M\$0.11 because of a M\$54m tax bill. After a final dividend at 8 per cent gross, the total annual

AMALGAMATED Steel Mills net dividend amounted to M\$17m.

• Enmpulse Gutbrie, Malsysia's largest paim oil, rubber

and cocoa group, has reported a 56 per cent fall in first-half pre-tax profits to M\$33m from M\$74m in the first half of 1989. Turnover declined M\$412m compared with M\$430m before.

with barely M\$10m in profit to shareholders, the group's earnings per share fell 62 per cent to M\$0.01 from M\$0.025. Despite lower earnings, Guthrie has proposed a main-tained interim dividend at M\$0.02 a share, or 2 per cent

ROYAL TRUST ASSETMIX FUND SICAY Following the aguisings of ROYAL TRUST ASSETMEN ADVISORY SA by COMMERCIAL UNION, the Sing London-based insurer, the board of ROYAL TRUST ASSETMIX FUND SICAY has

Chief Executive of ROYAL TRUST ASSETMIX ADVISORY SA, has been appointed as a Director of ROYAL TRUST ASSETMIX FUND

accepted the resignation of Adrian COLLINS, Chairman and Director.

Both changes took effect from 13

# **EUROPEAN OIL INDUSTRY**

The Financial Times proposes to publish this survey on:

9th November 1990

For a full editorial synopsis and advertisement details, please CONTRACT

> Ian Ely -Corbett on 071 873 3389

or write to him at :

Number One Southwark Bridge London SEI 9HL

**FINANCIAL TIMES** 

BANQUE NATIONALE DE PARIS

USD 500,000,000 Undated FRE.

ce is hereby given that the rate of interest for the period from September fixed at 8,48 per cent per annum. The USD 424,65 per USD 10.000 denomina-Son and USD 4,248,47 per USD 100.000 don and is payable on the

The Fiscal Agent

The Prudential **Insurance Company of America** U.S. \$500,000,000

Collateralized Mortgage Obligations Series 1986-1

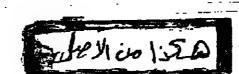
For the period 25th September, 1990 to 25th October, 1990 the Bonds will carry an Interest Rate of 8.7625% per annum with an Interest Amount of U.S. \$144.42 per U.S. \$50,000 (the original Principal Amount) Bond, payable on 25th October, 1990. The Principal Amount of the Bonds outstanding is expected to be 39.555917698% the original Principal Amount of the Bonds, or U.S. \$19,777.96 per Bond until the Forty Sixth Payment Date.

Bankers Hundon Company, London

Agent Bank

NOTICE OF REDEMPTION CREDIT D'EQUIPMENT DES PETITES ET MOYENNES ENTERPRISES (CEPME) 10% per cent. Guaranteed Notes Due October 25, 1991 NOTICE IS HEREBY GIVEN that pursuant to Con-"Company") has elected to redeem on October 25, 1990 (the air of the customers of the custo Cotports due October 25, 1990 should be distached and presented for payment in By Clübenk, N.A., (CSSI Dept.) London Principal Paying Agent

CITIBANCO



BENCHMARK GOVERNMENT BONDS

rises and a weakening in the US Treasury market. This

pushed yields on the 119 benchmark bond to 8.70 per cent as prices in the Tokyo futures

At one point, the yield rose to 8.72 per cent but prices

edged up as traders covered short positions. Sentiment in

Tokyo remains extremely bear-

ish and the market is not showing much enthusiasm for

the government's expected

of hedge positions in the futures market in advance of

the auction yesterday, but more is expected today. Banks in Japan made a wide-

ket's inflation fears, but inves-tors are still concerned about an expected rush of new

CBOT to change circuit-breaker rules

THE Chicago Board of Trade has approved revisions to its regulations applying to circuit futures contract, the maximum threakers for domestic stock daily price limit (up and down duration of 30 minutes will

) would be reduced from 50 points to 30 points, which is equivalent to some 150 points on the Dow Jones Industrial

FT/AIBD INTERNATIONAL BOND SERVICE

45g -5g

-

14

The Figure 11 Times 11d., 1990. Reproduction in whole or in part to any form not permitted with Data supplied by Association of International Bond Dealers.

day.

PLOATING RATE NOTES: Denomineted in delitars unless otherwise indicated. Coupon shown is minimum. Sprand - Margin above six-enough offered rate (nitroe-month subove mean rate) for US delitars. Copy—The current coupon.

CONVENTIBLE BONDS: Denominated in delitars unless otherwise indicated. Criv. price—Nominal amount of band per share expressed to currency of chara at convention rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring sterns wis the bond over the most recent price of the shares.

FLOATURE RATE MOTES
ABSET NATIONAL I/IA 00 S.
ALBERTA PROVINCE 1/52 93.
ALLIANCE & LESCO 1/52 93.
ARROY ROMA 0.03 01.
BANCI SANTO SPIRITO 93.
BELLIUM 1/16 97 0M.
BFTC - 0,02 96.
BRY 05.
CITICARP 1/4 99.
CITICARP 1/4 99.
CITICARP 1/4 99.
COMMERCEN 0/5 FIR 93.
DENMARK 1/10 95.
MITSUI FIN ASIA 1/8 9.

MATIFACTURE PIN ASIA 1/8 %
MITSUI PIN ASIA 1/8 %
MORSAN (1/9) 1/4 97
MAT WEST FIN 3/16 05
MORTHEAST SAVINGS 1/10 %
PORTUGAL 0.05 93

CONVENTION & MOTHER
ABOYLL CROUP 4 14/2 02 C.
ASDA-MET 4 3/4 02 C.
SUITTON CROUP 4 3/4 01 C.
SASTINAN ROOME 5 3/6 01
CALL NUL CROME 5 7 1/2 CO.
SOMOWEAR TIME 6 7/6 03
CRACE (WID 6 1/4 02 C.
SAMOWEAR TIME 6 7/6 03
CRACE (WID 6 1/4 02 C.
SAMOWEAR TIME 6 7/6 03
CRACE (WID 6 1/4 02 C.
SAMOWEAR TIME 6 7/6 03
CRACE (WID 6 1/4 02 C.
SAMOWEAR TO 1/4 02 C.
MITSUBSMI 6 1/4 02 C.
MITSUBSMI 6 K 1/4 02 C.
PACIFIC DUMLO 6 3/4 07
TEURS INSTRUMENTS 2 3/4 02
THORN EMIS 5/4/4 04

market touched lows.

By Janet Bush in New York and Deborah Hargreaves in London

UK GILTE

US Treasury bonds traded mixed at midsession yesterday after Monday's sharp falls with the short end of the yield curve under pressure and the long end modestly higher.

At midsession, short-dated maturities were quoted h point lower while the Treasury's benchmark long bond stood % point higher at 9.16 per cent.

The Commerce Department

DO DE MANAGEMENT MANAGEMENT DE LA PROPERTIE DE

The Commerce Department released revisions to second quarter gross national product which were generally weaker than expected. Real GNP

growth was revised downwards to 0.4 per cent from growth of 1.2 per cent previously reported. The price deflators were left unrevised. The downward revision in growth partly reflected lower than previously estimated net exports.

This release should have been builtish for the bond market but had little positive impact. There was scope for a rebound from Monday's losses after the GNP figures but the

#### GOVERNMENT BONDS

market remained on the defenbond auction this week.

The government will probably auction Y700bn-Y800bn of bonds today or tomorrow, carrying a coupon of 7.7 or 7.8 per cent — the highest for eight years. There was a little selling of hedge positions in the sive because of higher crude prices. November crude futures were up 25 cents at midsession at \$38.50 a barrel.

Bond traders also took note of comments from Mr Wayne Angell, Fed governor, who warned against easing interest rates in the face of rising oil prices. He said easing rates would undermine the credibility of policy and lead to potentially more severe adjustments to the oil shock in the longer

ly-anticipated increase in the prime rate yesterday to 8.9 per cent from October 1, a rise of Whatever Mr Angell's views and those of his colleagues, the Fed is likely to come under increasing political pressure to lower interest rates given the evident weakness of growth in the second quarter. WTHE West German bond mar-ket held steady yesterday after Monday's significant falls amid continuing pessimism amongst traders. There was no new economic data to confirm the mar-

MIN JAPAN, traders returned from a three-day weekend to digest news of further oil price

index futures contracts, AP-DJ reports from New York. The

revisions have to be approved by the Commodity

U.S. INCLEASE STRAIMITS
ARBEY HATICHAL 8 76 99
ALERTA PROVINCE 9 3/8 99
ALISTRIA 8 1/2 00
BANK OF TOKYO 8 3/8 96
BELGIUM 9 1/8 92

BFCE 7 3/497 BNP 85/894 BP CAPITAL 95/893 CANADA 996

COUNCE EUROPE 8 %
CREDIT FONCIER 9 1/2 99
DENMARK 8 98
DENMARK 8 1/4 94

EB 7 34 %

EB 10 97

F1EC DE TRANCE 998

EUROPIMA 9 1/4 %

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EUROPIMA 9 1/4 %

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MALIFAN 9 1/2 93

IBM WORLD TRADE 7 5/6 93

IBM WORLD TRADE 7 5/6 93

IMD BK JAPAN FIN 7 7/8 97

INTER AMER DEV 5/8 96

ITAN 8 1/2 94

SANSBURY 9 1,8 %
SAS 10 99
SBAB 9 1,2 %
STATE BK STH AUST 9 1,4 93
SWETIER BK STH AUST 9 1,4 93
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EB 534 93 FINI AND 54B 55 EPHERL MOTORS 7 1/2 95 JAPAN DEV BK 5 1/2 94 MOUNT 5A FIRANCE 5 3/4 94 MEN TEALARD 4 7/1 99 MURELEL MYDRE 5 60 SKANDOMANSKA EMSK 6 1/2 95

# Chile plans Eurobond as part of debt deal

-2/22 12.57 12.64 -3/32 11.77 11.82 -8/32 11.16 11.17

+3/32 9.00 8.96 +6/32 9.14 9.12

bond issues this autumn The average yield on Ger

man government paper has now risen to 9.1? per cent — its highest level since 1982. The

8½ per cent 10-year bond was fixed 16 pfennigs lower on the cash market at 96.13 to yield

The spread between the German and Prench bond markets

remains at the 160 basis-point mark as the cash market for

French OATs is still extremely

quiet. The French market has not enjoyed the traditional post-holiday pick-up and deal-ing activity has ground to a standstill.

Most of the foreign investors who wanted to sell out of the French market have now done so and there is little buying or

selling in the cash market.

IN THE UK, the gilt-edged securities market experienced a day of treading water with little movement in bond prices.

Traders say the market is in himbo until the next round of

economic figures in two weeks

Although final retail sale

and money supply figures on Monday could give the market some food for thought, all trad-ers' eyes are on the key infla-tion series that will be

remain in effect, as will all other trading halt provisions

with respect to the primary securities market.

Com. prints: 2.95 1.64 3.15 50.67 1.0954 424 6.50 1.91 4.17 5.74 9.17 3.74 9.57 7.46

6/99 80.8189 +0.104 8.65 8.57 06/00 91.9771 +0.101 5.16 8.18

8.500 08/00 96.1400 -0.050 9.10 9.03 8.99

10.500 07/00 94.4500 -0.600 11.45 11.00 10.98

9.10 per cent.

11/85 84.1258 +0.046 10.52 10.36 10.45 03/00 87.2400 +0.140 10.68 10.52 10.55

07/00 98.2800 -0.070 9.27 9.20 9.14 13.000 07/00 96.2309 -0.051 13.70 13.60 13.71 By Tracy Corrigan

CHILE plans to launch a Eurobond via Manufacturers Hanover, the US bank, as part of a debt agreement between the republic and its bank cred-

An official at Manufacturers Hanover in London said the issue would constitute new

money, not a repackaging of existing drbt.

It will be structured as a club deal, and the sovereign's creditor banks are expected to be the main buyers of the new

The deal, expected to total \$320m, will be more actively traded than a loan, but will not trade as a conventional

Interest on the bonds is expected to be in the region of 150 basis points above the London interbank offered rate. The bonds are likely to have a five-year maturity and to be ssued around par.

The transaction, which rewards Chile with fresh, rela-tively low-cost funds, is seen as offering an incentive for other debter countries.

The deal is expected to emerge this antumn, assuming the banks agree to Chile's new schedule of debt repayments. Officials say Chile does not need the fresh funds argently.

# Banking in Bahrain stabilises

HARRAIN'S banking sector is stabilising after the shock delivered to it by Iraq's inva-sion of Kuwait, Reuter reports from Bahrain. Mr Abdulia Saif, governor of

mr Abdulis Saif, governor of the Bahrain Monetary Agency, said: "Though it might be too early to attempt to quantify or assess the full impact of the Iraqi invasion of Kuwait, we like to remain optim-bile.

"The gradual return of deposits to the bunking sys-tem, and the return to normality has been manifested. We feel that the banking sector in Bahrain will altimately re-

Mr Suif said the BMA had no plans to control money flows, Even at the peak of the crisis It had instructed banks to meet any requests to exchange dinars or make remittances,

Confidence in the financial future of Bahrain, which is host to the Guil's only offshore banking market, was badly damaged by Iraq's invasion of Kuwait. The Behrain offshore bank-

ing market had record assets of \$73.3bn on March 31, according to BMA figures. Post-invasion figures are not yet available but are likely to be significantly lower, Guif offshore bankers said.

Many western and Asian

banks, especially the Japanese, cut their normal funding busi-ness in and out of Bahrain immediately after the invasion, fearing a further escala-tion of the crisis, according to

BMA figures show that deposits in the Bahrain bank-ing system on September 17 totalled BD1.27bn with

BD1.5bn on July 81. The BMA took several mansures to ensure an orderly market, including advising marker, including anvising banks to stop depositors breaking time deposits before maturity, liquidating assets and rolling over deposits where possible, and providing cash dollars to mest depositor

#### **Australian SE to** start automated trading system

THE Australian Stock Exchange (ASX) is to move to fully automated trading through the Stock Exchange Automated Trading System (Seats) for all transactions

(Seats) for all transactions from next month, Reuter reports from Melbourne.

ASK said all trading floors would therefore be closed from Friday September 29, except facilities required for trading in the Australian options market.

"This decision follows a short trial of dual trading, where all ASX stocks were traded on Seats and the most actively traded securities were also traded on the trading floor," the exchange said.

#### SA Brewing in Eurofunding

SA Brewing Holdings said its US and Australian finance arms had signed a new \$200m Eurocommercial paper programme in Hong Rong, Reuter reports from Adelaide.

The facility replaces a \$150m Euronote facility used by the company since 1887.

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Nomura International ple Alexander Lamb	071-626 4377
Shearson Lehman Brothers Inc. (Leh Richard Edwards	man Bros.) 071-260 3090
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#### **MINORCO** Notice to Holders of Bearer Share Certificates Payment of Coupon No. 6

With reference to the notice of proposed final dividend advertised in the press on September 21, 1990 the following information is published for the guidance of holders of bearer share certificates. The dividend of 32 cents was declared in United States currency. Subject to the approval of shareholders at the Annual General Meeting on November 8, 1990, the dividend will be paid on or after November 13, 1990, against surrender of Coupon No. 6 detached from bearer share certificates as follows:

(a) at the offices of the Corporation's Continental paying agents-Banque Générala da Luxembourg
14, rue Aldringen

Crédit du Nord
6-8 boulevard F 6-8 boulevard Haussman Grand Duchy of Luxembourg

(b) at the London Securities Department of Barclays Bank plc, Stock Exchange Services Dept., 168 Feachurch Street, London EC3P 3HP. Unless persons depositing coupons at such office request payment in United States dollars (in which case they must comply with any applicable Exchange Control regulations), payment will be made in United Kingdom currency either:—

(i) in respect of coupons lodged on or prior to November 6, 1990, at the United Kingdom currency equivalent of the United States currency value of their dividend on October

(ii) in respect of coupons lodged on or after November 7, 1990, at the prevailing rate of exchange on the day the proceeds are remitted to the London Securities Department of Barclays

Coupons must be left for at least four clear days for examination (eight days if payment in United States currency has been requested) and may be presented any weekday (Saturday excepted) between the hours of 10 a.m. and 3 p.m.

United Kingdom income tax will be deducted from payments to any person in the United Kingdom in respect of coupons deposited at the London Securities Department of Barclays Bank, unless such coupons are accompanied by Inland Revenue non-residence declaration forms. Where such deduction is made the net amount of the dividend, after deducting United Kingdom Income tax at 25% will be 24 cents (United States) per share. In the case of payments made in United Kingdom currency the sterling equivalent of the net dividend will be calculated in accordance with sub-paragraph (b) above.

ce with sub-paragraph (b) above. Copies of the 1990 Annual Report of Minorco will be available after October 9, 1990 from the Registered Office of the Corporation and

the offices of the paying agents referred to above.

By Order of the Board. N Jordan, Secretary. September 26, 1990
Minorco Société Anonyme. RC Luxembourg No. B12139

# THE LEGAL PROFESSION

The Financial Times proposes to publish this survey on: OCTOBER 19th 1990

For a full editorial synopsis and advertisement details, please contact; Authory Carbonari on 071-873 3412 or write to him at:

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**FINANCIAL TIMES** 

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#### INTERNATIONAL CAPITAL MARKETS

# Liffe revamps Japanese bond futures contract

By Deborah Hargreaves

THE London International Financial Futures Exchange has overhauled its Japanese bond futures contract in a bid to attract more users to the

The contract will be introduced next April and will become the first product to trade all day on APT, the exchange's electronic market.

The contract changes come after a couple of years of exteneive research and consultations between Liffe and the Tokyo Stock Exchange. They addre one of the central problems cited by the existing contracts' users over the lack of a link with the Tokyo market.

In its new guise, the contract in London will trade as a premarket to Tokyo's futures market and traders will have the option of rolling their Liffe positions into the TSE contract without any price differential.
The exchange will ensure

that traders can move easily between the markets by a unique arrangement which involves closing Liffe positions automatically at the end of each trading day and settling them in cash on the first available opening price for the Tokyo contract.

It will then be left to traders themselves to take out a corresponding position in the Tokyo market

Liffe traders will be taking out a short-term position in a longer-term futures contract."

said Mr Nick Carew-Hunt at

If the opening price in Tokyo differs from the closing Liffe price, buyers and sellers of Liffe contracts will be committed to making up the difference

for settlement purposes.

Since all positions on Liffe will be closed at the end of each day, Liffe will carry no open interest in the bond Mr Carew-Hunt explained

that the success of the contract would partly depend on the continued growth of the cash market for Japanese bonds in London. "But if we were even to see a volume of 5 per cent of Tokyo's trading level, we would see the contract providing what it is supposed to and that is a continuation of the Tokyo market."

Liffe's existing Japanese bond futures contract trades little over 200 lots a day com-pared with the TSE's daily volume of 65,000 contracts.

Some 20 per cent of Liffe's members are Japanese houses and the exchange said it was trying to attract these users to its new contract since they were the ones who would provide the liquidity. However, independent traders without a relationship with Japan would be able to trade the product on a daily basis.

The new contract is provialonally set to trade on APT from 7am until 5pm.

# **Commercial Union takes** stakes in Italian concerns

2868.52

721.57 391.00 935.24

12.33 15.42 13.62

By Michard Lapper

COMMERCIAL Union, the UK general and life insurer, is extending its presence in Italy by acquiring a 40 per cent equity interest in three subsid-iaries of Akros, the Milan-based merchant bank, established by leading Italian companies in 1987.

The move follows last week's agreement with Credito Italiano to exchange 30 per cent shareholdings in respective subsidiaries, Mediciin and

Stores (33) ... Textiles (11) .

40 OTHER GROUPS (107) -41 Agencies (16). 42 Chemicals (24)

Commercial Union Vita.
Akros' principal subsidiary,
Azimut Consulenza, is a direct sales force operation. Two other Akros subdidizing offer fund management and trustee services. The agreement provides CU with access to an expanding network of financial consultants. CU Italia will form two new subsidiaries providing non-life and life products, dis-tributed by the Azimut Consu-

# Bankers Trust team quits to form private firm

restructurings.

The new company will be called Fieldstone Private Capi-tal and will be based in New York with offices in London

The majority will be owned by the former Bankers Trust professionals, five of whom are based in London, who will be partners with Japan Leas-

Japan Lessing is a commer-cial finance and lessing com-pany headquartered in Tokyo but with offices around the world. It estimates its assets at about \$20bn. Japan Leasing will serve on the fixer's advi-

of Fieldstone were managing directors at Bunkers Trust. Mr Charles Hill was former cohead of merchant banking; Ms Sharon Peterson and Mr Wesley Reynolds were coheads of the bank's lease and project financing group; Mr Charles, Quattrochi was former group head of high yield capital markets; and Mr Gaby Abdelnour was former managing director.

Mr Hill, who will serve as managing partner, said that the decision to set up a new company was made partly because he and his colleagues wanted to be able to avoid the conflicts of interest inherent in most Wall Street businesses which invest their own capital in equity deals as well as offer

He said: "We want to emphasise our ability to give objective advice to our cli-ents." He believes that a private company also avoids the pressures on earnings and per-formance that a public com-

A GROUP of 33 professionals A GROUP of 33 professionals have left Bankers Trust, the diversified US bank, and teamed up with Japan Leasing Corporation to form a private investment banking firm which will specialise in project and leasing finance, private placements and corporate restructurings.

and Tokyo.

Five of the senior partners of Fieldstone were managing directors at Bunkers Trust. Mr was former managing director of merchant banking.

advice on deals to bavestors.

pany must face.

The core business of the first will arrange tailormade private plantments for clients to finance unusual and techni-

# Secretive market set to enter the spotlight

Simon London explains why the buying and selling of loan portfolios may increase

The buying and selling of loan portfolios in the secondary banking market could increase dramatically next year. Some banks, faced with stringent capital adequacy requirements, may be forced into a wholesale reduction of loan exposure.

Even institutions in a better position are concentrating resources on portfolio management, off-loading loans that are unlikely to yield profitable additional business in areas such as corporate finance. For the first time in many years, Japanese banks may be not sell-ers of assets in 1991.

However, the secondary loans market is opeque and secretive. Banks do not like to admit that they are pulling back from existing deals. Firm details of deals are hard to come by and the estimated size of the European secondary market varies between \$10hn and \$50hn. One leading player estimates the average size of secondary market trades to he around \$2m.

Some secondary market sales repre-tent a wholesale withdrawal of a bank from a commercial sector. For example, Chemical Bank openly sold its aviation-based loan portfolio in 1989. Bank of America sold its portfolio of home more

gage business as far back as 1976.

More frequently, banks are using the market as a portfolio management tool. For example, National Westminster is reported to be using the secondary mar-let to manage its portfolio of UK com-

mercial loan assets. The European secondary market for loans matured throughout the 1980s, with the development of new techniques and documen-tation. One key innovation was the introduction of "transferable loan certification into standard loan documenta-tion. This legal tool enables banks to trade loans with a minimum of paper-work. Most loans in the primary market

now include this claus This means the secondary loans market now shares some features with securities markets, but does not have the liquidity. There is no standard clause, so due diligence is required before a trade can be agreed.

For this reason there are, as yet, no brokers or agents in the market, and trading remains investor driven. Demand comes often from continental European and Scandinavian institutions without access to quality leans business in the primary market, but which can buy "off the shelf" from big US commercial banks. It is still relatively rare for a bank to offer a menu of products to buyers.

Similarly, pricing of loss assets is described as a "non-scientific process", again driven by investor demand for specific loan business.

Now the secondary market may be entering a new phase of development, as banks come under increasing pres-sure to manage their balance theets, Like the securitisation of losn business, secondary market sales could be a key method of maintaining capital ade-quacy. However, removal of loan assets from the balance sheet hinges on trans-

ferebility.

Thus, although the US market is bigger in terms of volume, it is to some extent less sophisticated than in Europe because the use of standard "transfer-able loan certification" is more limited. In the US, trading generally takes place on a "sub-participation" model, where the original lending bank remains in the loan group as a "front" for the sec-ondary market buyer. The original institution remains the lender of record in the loan agreements, channelling in the loan agreements, channelling funds from the sub-participant bank to the borrower. If the sub-participant defaults on the loan, it is the original leading bank which is liable. But if the borrower defaults it is the sub-partici-pant which suffers the loss.

his makes it more difficult for the original bank to remove the loan from its balance sheet, although the Bank of England has agreed that sub-participated loans can under certain circumstances be taken off the balance sheet. From the point of view of balance sheet manage and-participation arrangements are generally less favourable.

However, such a structure does at least allow the lending bank to maintain a relationship with the borrower

without being committed in cash terms Borrowers themselves have some times vetoed the outright sale of loans in the secondary market. For example, sub-participation agreements remaining more prevalent in the US because how movers are unwilling to account outsides. more prevalent in the US Decause force rowers are unwilling to accept outrights transferability. This is parity because US syndicated loans have often been farlarger than their European counterparts, with much larger syndicate. parts, with much larger syndicates groups. Under such circumstances in borrowers have wanted to maintain a stable banking group and to keep the names on the loan record static. There have even been cases of "undisclosed sub-participation" of debt, where the borrower was left unaware of the secondary market transaction.

Syndicate leaders are also keen in maintain the credit quality of a banking group, particularly on a revolving

maintain the credit quality of a banking group, particularly on a revolving credit facility.

However, the pressure is on US and Japanese banks, many of which are over-extended, to manage loan portion in the secondary market is likely. to expand accordingly.

If and when market volume does

increase, both transparency and pricing may improve with it. The Gulf crisis has already forced a number of Middle East institutions to sell loan assets through brokers. If pain in the rest of the banking business intensifies, the role of the middle person may become established and lucrative.

# BHH issues £90m mortgage-backed floater | Amex delays

By Skman London

COMMERCIAL property group South issued a ground-breaking south five-year floating-rate deal, backed by a pool of UK commercial mortgages. The triple-A rated paper pays 37% basis points over the threemonth London interbank

offered rate.
Placed and wholly underwritten by Paribas Capital
Markets, the issue is the first
UK commercial mortgagebacked issue to be rated and listed in the Euromarkets. The

#### INTERNATIONAL BONDS

issue is guaranteed by Financial Security Assurance, the specialist insurance company, with second recourse to BHH's commercial property

Paribas reported that the paper had been placed with mainly European institutions

**NEW INTERNATIONAL BOND ISSUES** Bertmer 125 DOLLARS Skitteno Industrigi Co.9 Ashikaga Bankiri 214/11g Nikko Secs.Co.(Europe 20b0 Nikko Secs.Co.(Burope IBM tot.Fin. NV+(b) 124 10112 1994 1%/1% BCI STERLING SHEF Int.Fin.Pic.+ Peribes Cap.Mids uil terms. (Floating rate note. Whith equity warrants. a)3-month Libor + 350p for first 5 yrs plus 450p tileres a-callable. Support agreement from 1856 World Trade Corp. (15-month Libor. proceeds will be used to repay preference share financing and

and was trading around issue price of par. Until now UK mortgage-backed Eurobond issues have been restricted to the domestic mortgage sector. The BHH issue has overcome legal hurdles, so securitisation may now be able to extend into new areas. In the US, FSA was a pioneer of securitised corpo-rate loan obligations and it expects this issue to presage a wave of loan-backed offerings

in the Europearkers. The issue offers BHH fund-ing at less than the cost of bank borrowings, its usual source of financing. Part of the

to prepay all existing bank ns. An additional £27.5m will be used to finance commercial property acquisitions

Elsewhere, Nikko Securities is unched \$100m 10-year subordinated issue for Japanese financial institution Ashikaga Bank. Like other capital-rais-ing issues from Japanese banks, the paper was largely pre-sold to far Eastern institu-tional investors and secondary market activity is likely to be

underlying equity market held the reins of the derivative markets

September and Dec

FT-SE contracts in the Liffe by rolling over from the September issue and into the December con-

The Ashikaga paper pays 35 basis points over Libor for the first five years and 45 basis points over Libor thereafter, alightly above the spread on similar issues for better known names in the sector.

For example, subordinated 10-year paper from Tokai Bank launched recently pays 30 basis points for the first five years and 40 basis points thereafter. Nikko also acted as lead manager on an issue of \$200m equity warrant-linked bonds for Shimano Industrial, despits a 418 point fall in the Nikksi Index on Tuesday in Tokyo.

LONDON TRADED OPTIONS

then 20 points cheeper then its

heaviest turnover so tar - 5,380. The continuing trend of FT-SE option business in the London

THE APPROACHING expiry of discount to fair value, with a turn-September futures and options over of 9,097. The December

# options on Japan index

By Deborah Hargredves

THE American Stock Exchange has postponed the launch of its Japan index-option which was due to start trading yesterday.

The exchange says the delay is not due to the index being held up by the US Securities and Exchange Commission which has to approve new

The Amer says it has post-oned the start to finalise last poned the minute details. The Tokyo Stock Exchange

is understood to have expressed its concern about the product and has refused to agree an information-sharing arrangement. with the Cochange.

ally prerequisites for US exchanges wanting to trace foreign stock indices.

on a continuation of gloom.

Institutions realised, that the market was still in decline but because they have been dupled attentions of the continuation of the conti

The total turnover of 38,971 contracts (18,182 calls and 20,789

 $M_{Or}$ 

#### LONDON MARKET STATISTICS

#### FT-ACTUARIES SHARE INDICES RISES AND FALLS YESTERDAY <sup>0</sup> The Financial Times Ltd 1990. Compiled by the Financial Times Ltd British Funds Ownerations, Dominion and Foreign Soms 202 125 15 0 % 28 Fri Sun 21 Year ago EQUITY QROUPS Tenday September 25 1990 A SUS-SECTIONS Grees Oh, Yield% (Act at (25%) PIE RELIA (Het) He, No. Heales Mp. hdeg No. Stocks per section 7.31 7.31 8.02 1 CAPITAL 6000S (195) 669.07 662.65 973.24 826.41 812.99 1173.25 665.34 16.73 29.40 34.59 658.43 820.29 50.99 993.11 1020.20 1004.29 1580.36 73.06 1805.83 1888.08 1831.99 2866.53 56.74 1486.79 1513.08 1522.48 2132.56 15.17 399.79 409.54 402.60 0.00 15.76 363.21 368.14 364.97 0.00 LONDON RECENT ISSUES 15.51 16.88 16.66 16.62 29.86 19.37 15.29 11.01 7.36 5.33 5.96 7.17 6.94 7.39 4.59 3.74 3.21 5.54 7.30 6.54 5.22 6.39 3.77 EQUITIES Electronics (27) .... 12.49 Engineering-Aerospace (5) ... Engineering-General (46) ... ANY Latest 1980 342.26 386.56 265.52 Metals and Metal Forming (6) +0.6 +2.0 +1.6 +0.5 +0.9 +0.3 +0.1 +0.9 -0.3 +0.6 +0.3 +0.3 +0.5 Motors (13). 14.26 250.41 251.91 265.36 373.26 56.53 1108.40 1127.90 1105.20 1772.70 29.31 1121.42 1137.12 1135.59 1347.54 24.61 959.38 977.00 978.76 1179.96 50.82 2245.36 2260.34 2252.25 2019.84 47.38 2293.95 2342.54 2303.21 2555.34 47.34 482.48 481.79 604.74 118.55 2278.17 2915.27 2960.70 3794.26 118.55 2278.17 2915.27 2960.70 3794.26 118.55 2278.17 2915.27 2960.70 3794.26 118.55 2278.18 477.24 482.48 481.79 604.74 118.55 2278.18 2960.70 3794.26 118.55 2278.18 2960.70 3794.26 118.55 2278.18 2960.70 1195.55 24.21 2960.70 1195.55 24.21 2960.70 1195.55 24.21 2 373.28 strial Materials (23). 1126.52 CONSUMER GROUP (178)... Brewers and Distillers (22)... Food Manufacturing (20)... 1126 92 1382 10 962.53 10.69 12 13 Food Inamiracuring Coul. Food Retailing (1.6) Health and Household (1.6) Leisure (32) Packaging & Paper (1.2) Publishing & Printing (1.6) 2227.81 2319.01 15.49 1127.11 118.55 2878.17 18.26 718.44 19.76 388.59 31.51 932.53 22.00 1051.28

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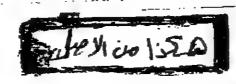
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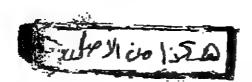
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option business in the London Traded Options Market appeared early in the day when BZW made a heavy and builtish trade in Euro FT-SE options for one Institution.
BZW bought 1,500 calls and sold 1,500 puts in the October lesue as a synthetic future deal, a fundamental future than the sequences. most of the morning around a 10-point discount to fair value, it was squeezed up by the US GNP figures and optimize over the puts), and the turnover of 13,395 in the normal FT-SE option min rored the previous day's levels.

The principal equity option stars were BP (with a turnover of 2,488), STC (1,323), Marks & Report (1,323), and Belle Teles. COLLEGE POTS 9 14 18 30 45 46 35 30 35 15 27 35 45 43 45 청 본 것 및 왜 운까운 D 20 24 6 10 11 12 16 19 11 15 16 13 4 - 22 - 29 - 48 - 87 25 132 182 252 252 165 141 161 225 271 - 143 - 225 -- 142 - 215 -- 142 - 179 -NDZX (\*1998) 2050 2160 2156 2260 2256 60 105 155 205 255 94 129 168 213 260 105 136 176 218 251 113 143 178 218 263 - 166 - 236 -





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A Control Market

ibe februartes fint the of the matter FINANCIAL TIMES WEDNESDAY SEPTEMBER 26 1990 27 An award winning advertisement for ITV.

Once again we have received acclaim for our programmes from around the world.

In May we were presented with the world's top entertainment prize, 'The Golden Rose of Montreux, for the comedy 'Mr. Bean'. Last week we were awarded two prestigious 'Prix Italia' television awards.

These were for the documentary Hello, Do You Hear Us? Red Hot' and for the environmental programme 'Can Polar Bears Tread Water?'

A third special award was also presented for the arts programme 'Una Stravaganza Dei Medici' which we made for Channel 4. With this kind of range and quality, it's hardly surprising that, every

day over the last four months, we've also picked up more viewers than BBC1.

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Popular quality television, made in Britain for British viewers, and admired worldwide.



#### UK COMPANY NEWS

# Scottish Widows makes agreed bid for Connell

SCOTTISH WIDOWS FUND, the large Scottish mutual life assurance group, yesterday made an agreed £48.3m cash offer for Connell, the London-based extens agency chain based estate agency chain which operates mainly in the

The deal will give Scottish Widows, until now one of the few large insurance groups without an estate agency oper-ation, a network of 112 residential agencies and 19 provincial commercial offices.

The existing board and senior management at Connell will be retained and Scottish Widows said yesterday that it would support plans by the Connell board to expand the network. The deal is the latest step by

Scottish Widows to broaden the ways in which its distributes its products to the market by building up a network of appointed representatives ong 100 companies, mostly brokers.

The attraction of Connell's to us is the strength of itsman-

Reebok expects

Reebok International, the US sports footwear company in which the Pentland Group has a 31 per cent stake, expects

a 31 per cent stake, expects earnings to fall from 44 cents to 33-35 cents per share in the third quarter to September 31. The dectine was mainly due to lower UN sales of the Hobok brand shoes and higher advertising costs, Mr Paul Fireman, the chairman said. However, the order backlog in the US was 15 per cent higher by mid-September, and

higher by mid-September, and sales growth in the fourth

quarter should see earnings reach the level of a year ago at

30 cents per share for the quarter and \$1.53 for the year.

quarter and \$1.53 for the year.

Reebok reported earnings of
84 cents per share for the first
six months, against 79 cents a
year ago. It expects an
improved performance in 1991.

Pentland, the consumer
group, is seeking to sell its
stake in Reebok. Last month it
suspended the sale when Reebok shares alid to \$13%, from
\$15 in June.

third quarter

earnings fall

agement team." Mr Alisdair Buchanan, marketing manager at Scottish Widows said. Connell is the 12th largest chain in the UK and claims to

chain in the Uk and claims to be the largest remaining Inde-pendent estate agency opera-tion. In the past year the com-pany has prided itself on its ability to stay in the black at a time when most agency net-works are making heavy

In the first half of the year, Connell's pre-tax profits rose by 12 per cent to £2.63m according to results announced yesterday by Mr John Simson, Connell's chairman. House sales by the agency reached 4,887, 28 per cent more than in the first half of

Mr Simson said Connell had remained profitable by cutting its costs at the outset of the recession in the housing mar-ket and was now well poised to take advantage of market

This deal with Scottish Widows will now enable us to

RICHMOND OIL and Gas, the

start-up US energy develop-ment, company yesterday announced plans to raise 531m (\$57m) to help acquire

and develop oil and gas inter-

ests in Texas. The company came to the London market

last July with a poorly received public launch. The 26m new shares will be

placed at 125p with institu-tions with a clawback for existing shareholders on a 2-for-5 basis. The placing will

be underwritten by County NatWest and Gilbert Eliott.

Natwest and Gilbert Ellott,
The shares closed yesterday
down lip at 130p.
Richmond is paying \$85m
(£46m) for the 93,000 acres
Johnson Ranch Property in
Loving County, Texas, some
52,000 acres of which is freehold The property has 8.29m

hold. The property has 8.29m barrels and 386bn cubic feet

of proven and probable oil and gas reserves.
The proceeds of the place-

ment will be used for an

By Richard Gourlay

Richmond Oil plans to

raise a further £31m

no pref. dividend By David Owen escape from the restrictions attached to being a small listed MECCA LEISURE, which was

company in an unfashionable sector which have been a deterrent to growth."

Scottish Widows, who are being advised by Kleinwort macua latione, which was taken over by Rank Organisation in a \$490m agreed offer earlier this year, yesterday reported a \$42.2m interim pretax loss and omitted to declare a dividend on its convertible preference share. Benson, are offering 1949 per share, giving shareholders a 44 per cent premium on the clos-ing price for Connell's shares ference shares.

Connell outside the board include individual members of

the Constantine family, is and Foreign and Colonial, and Legal & General, the life assur-

ance group which owns 15 per cent of the company and whose own bid for Connell was

turned down earlier this sum-

Yesterday Legal & General described the Scottish Widows offer as "very full" and said it was still considering its

immediate \$33m payment to the former owners, majority held by Merrill Lynch Inter-

funding of New York, and will add about \$24m to work-ing capital to help develop

more than 200 new oil and gas well locations. The com-

pany will be taking on 228m of debt.

Richmond and Merrill Lynch agreed the purchase price in June, before the cur-

rent rise in the oil price. It is

already operating a lease on 3,000 acres of the Johnson

Ranch, where it produces the bulk of its 600 barrels of oil

and 2m cubic feet of gas a day

Richmond's public launch last July was one of the least successful issues the London

market has seen. Only 12.2 per cent of the £20m share offering was taken up after the market reacted cau-

tiously to Richmond's lack of

from 28 wells.

The group said that it would consider the situation regarding the preference shares once the sudited accounts for on Monday night.
Mr Buchanan said yesterday
that Scottish Widows had the ten marihs to 31st October 1990 are available in January aiready purchased 30.1 per cent of the Connell equity. The main shareholders of

Just under 15 per cent of the 304m shares remain outstand-

Mecca £42m

in red and

This is not a company in a fit state to be paying a divi-dend on its preference shares," said Mr Michael Gifford, man-

He added, however, that there will be for many years a company called Mecca Leisure that in a subsidiary of the

sure that is a subsidiary of the Rank Organisation."
Should the board of that company decide that it was espable of paying the dividend at some point in the future, then it would do so.

Trading profit for the six mouths to June 36 thumped to 229.3m from £49.1m in 1898, with the downturn parties.

with the downturn particu-larly pronounced in the holi-days and machines

Turnover moved about from \$258m to \$287.3m. Ned interest costs of £27.2m (£17.5m) meant that profit before exceptional tiems amounted to just £2.7m

The company took \$44.9m of or company took 244.5m or exceptional charges, the bulk of which were accounted for by a £28.4m writedown in respect of properties held for disposal and a £12.5m loss on the July cale of Moving. the July sale of Maxims

An unspecified profit which will arise on the sale of the Claremont casino was not included since, the group said, the sale was the subject of a conditional contract. There was also a 25.3m extraordinary charge arising mainly from the cost of

ng the Rank bid. The deal created Britain's largest leisure group with annual sales of more than

"The problem with Macca Leisure Group is its balance sheet," Mr Gifford concluded. "We bought Mecca for the trading profit that we believe it will generate in the future and as a result of Rank's own-

Rank said that it had pro-vided funds to Mecca and immediate concerns of Mecua's bankers since its offer went

inconditional.

Rank shares closed aboad \$p

**Espirito Santo** makes over \$35m

With good results across almost the whole range of businesses, Espirito Santo Financial increased first half pre-tax profit from \$26.7m to \$35.17m, or £18.6m.

The company is Luxembourg based, and is the holding concern for the international financial activities of the Reptrito Santo Group.

Most important operations most important operations are in Portugal, where it anticipated benefiting from the growth in the economy. It also operates in Switzerland, France and Spain, and is looking at the possibilities of starting in the UK.

Net income for the half year was \$14.5m (\$13.74m), or \$1.85.

was \$14.5m (\$13.24m), or \$1.85 (\$1.90) per share on increased capital.

# New outlets help lift Kwik-Fit by 4.5%

KWIK-FIT Holdings, the retailer of tyres, exhausts and other automotive parts which opened 107 new centres last year, saw pre-tax profit advance by 4.5 per cent from £9.62m to £10.05m in the six months to Angust 31.

Turnover increased by 24 per cent to £120.81m (£97.07m) and operating profit by 18 per cent to £12.3m (£10.4m). Interest payments doubled to £2.92m (£1.47m).

The market, which had been expecting a pre-tax figure of between £6m and £8m, welcomed the performance with a 11p rise in the share price to

Mr Tom Farmer, chairman and chief executive of the Edinburgh-based company, said the group had recovered from a weak second half of last year, when operating profit fell below 55m because of expan-sion costs and the mild winter. With the number of outlets totalling 609 in February, of which 450 were in the UK, this year's effort was focused on improving profit from the

existing network.

In terms of sales, tyres accounted for 44 per cent, exhausts for 33 per cent and brakes, introduced last year,

for 5 per cent.

Mr Peter Holmes, marketing director, said tyre sales had increased by 22 per cent and exhausts by 15 per cent. Both had improved market share.

According to Mr Permen the According to Mr Farmer, the market for replacement exhausts was improving for the first time in three years. The trough had been caused by a switch to systems with a life of five years instead of three.

Turnover from supplying fleet operators with tyres and others was one course to do the systems.

exhausts was on course to dou-ble to £30m this year. Overall, gross margins had been improved by tighter con-



Tom Farmer: exhaust market improving for first time in three years

trols, particularly of labour 6 COMMINT

costs and stock. reduced by 54m to 540m, bringing down gearing from 70 to 60 per cent. Mr Farmer expected it to fall further as net openings would be only be about 10 this year.

Overseas, the group had profitable Dutch (110 outlets) and hish operations, but was losing money on its French business. Mr Farmer said the UK accounted for almost all the profit.

Earnings per share rose to 3.93p (3.76p). The interim dividend is 1.1p (1.04p).

The openings which are into the previous half's profit have borne fruit in spite of the squeeze on UK consumer spending. The unexpected strength of the performance revived the theory that when people stop buying new cars they spend more on parts for their old ones.

However, the recovery in the share price might have been a bit overdone, bearing in mind the continuing trend towards more durable parts and constraints on demand,

side where margins are tighter anyway.

Although the reduction of gearing was welcome, interest cover seemed a bit tight at

little more than four in a good

H

DS 3

The second half performance is partly dependent on the weather: the icier and saltier it is, the better. Upgraded forecasts range from £16m to £18m, giving a prospective p/e of between 10 and 11. Although interest is gingered up by Continental's 13 per cent stake, yesterday's price rise more than took the cheapness out of the shares.

# Polly Peck revives dormant Swiss offshoot

By Haig Simonian in Nyon, Switzerland and Clay Harris in London

POLLY PECK International has revived a dormant Swiss subsidiary whose registered purposes are identical with the businesses carried on by

the businesses tarried on by its parent company. The company, Ethise SA, is legally based at the same con-verted farmhouse in the Swiss village of Givrins as Nadir Investments, a private invest-ment company linked to Mr Asil Nadir, Polly Peck's chairman and chief exec

in London, Polly Peck said Elbise had "recently been revived to pay the salary of Mr John Botfield, a Swiss citizen, who co-ordinates Polly Peck's transport operations for Europe out of Switzerland." Despite this limited role, the

Despite this limited role, the statutes of the ravived libine — dated May 7 of this year — list its activities as trading in fruit and vegetables, textiles, clothing, electronic goods and packaging materials, all businesses in which Polly Peck is engaged or was at the is engaged or was at the

Formerly beadquartered in Fribourg, Elbise was trans-ferred in May to the Domaine de Leydefeur, the Givrins headquarters for Nadir Invest-

ments.

Kibise, which means suit or dress in Turkish, was listed as a subsidiary in Polly Peck's accounts for the year to July 31 1987, but has not appeared in the accounts for the two subsequent years. It will be listed in the accounts for 1990,

Polly Peck said.

Mr Botfield, one of Klbise's two listed executives, said yesterday from his Swiss office that the company was purely involved in co-ordinating Polly Peck's international transmission. Peck's international transport activities. According to Mr

Total lest year

Bottleid, it was understandable to list Elbise's activities as being so similar to those of Polly Peck, in view of its transport function for the

group.

Asked why such Elbise should be based in a Swiss haulet, rather than at Polly Peck's London headquarters or elsewhere, Mr Botfield drew attention to Geneva's good transport links and its convenient location in the middle of Europe.

urope. A Swiss resident for the past 26 years, Mr Botheld said he had no links with Nadir Investments, or with any of the staff based at the Domaine de Leydefeur. "I have no idea at all what it [the company] does," he said.

Mr Botfield said he had met Mr Jason Davies, the former UK stockbroker who lives in nearby Founez, a number of times, but he said he did not have close links with Mr Davies or any idea of his whereabouts. Mr Davies' transactions in Polly Peck shares have been investigated

by the Stock Exchange's insider dealing group.

Mr Botfield said Elbiss, which now has its offices in the village of Ginglus, a few minutes away down the road, had been resident at the Domaine de Leydefeur only for a short period.

However, official records at the commercial register at Nyon, the main administrative centre covering Givrins, give no details of the latest change of location. Mr Botfield took his present

position at Elbise on May 29, according to the official register. Meanwhile, Mr Robert Fehlmann, a resident of Geneva, is listed as being the company's administrator as of May 9. The official records at Nyon also confirmed that Mr Davies became a director of Nadir Investments on May 14

this year.
Mr Davies's appointment as the fifth member of the com-pany's management came seven months after an increase in Nadir Investment's capital to Sfr200,000 from

Although Mr Asil Nadir himself is not listed as an executive of Nadir Investments, a communal official at Givrins said that his application for a residence permit had described him as the administrateur of Nadir Investments.

The official also said Mr Nadir's one-year residence permit had expired on September 1. His lawyer had told the offi-cial that Mr Nadir was not at present in Switzerland, but that the formalities for renewing his permit would be com-

Mr Nadir has been seen in the village of Givrins from time to time, according to residents. Official matters, such as the renewal of his res permit, are handled by his

lawyer, Mr Jean Heim. hir Heim, a prominent Lau-same-based attorney, is also chairman of Nadir Investments. He was unavailable for

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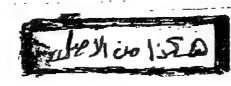
London EC4N 8AE \* Subcribers for Ordinary Shares in the Placing will receive one Warrant for each five Ordinary Shares registered in their name. Each Warrant confers the right to subscribe for one Ordinary Share at US\$10.00 on 31 March in any one of the years 1992 to 1996 inclusive

26 September 1990

1.83 1.95 1.4 0.6 nli 2.75† 7 1.225 4.81 2" 1.7 9 6 Out 31 Nov 8 Out 31 Nov 16 Nov 15 Out 15 Nov 9 Nov 19 8.25 1.75 4 2.05 2.4 4.8 3 2.4 5 0.75 0.55 0.75 1.75 1.2 1.1 pill 2.1 2.3 3.8 mill 3 2 Nov 16 Nov 14 Nov 30 hown pence per share net exce **BOARD MEETINGS** 

DIVIDENDS ANNOUNCED

Nov 2



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Company

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SHARES in PFG Hodgson Kenyon International slipped nearly 9 per cent yesterday after Britain's largest quoted funeral director disappointed the City with first-half profits

of £6.31m before tax.

PHK said the profits — the first six-month figures since last July's merger — were 19 per cent ahead of the equivalent last read for the equivalent last year for the two merged companies, Hodgson Holdings and Kenyon Securi-

But investors were upset by the news that PHK's attempt to carve a larger niche in the monumental masonry business had failed to match management expectations.

after the core fineral business—lost £65,000 in the first half and is unlikely to show benefits of reorganisation until the second quarter of 1991. Analysts had expected the division to make £1m or £2m this year and PHK's shares slipped 13p on the day to 137p.

PHK's borrowings were also somewhat higher than expec-ted at £25m. That included £6m of finance for the group's new fleet of limousines and hearses. warning By Andrew Bolger

SHARES in Goode Durrent fell

finance management group. The shares fell although The shares tell although Winnedael, a company controlled by trusts associated with the Nash family and registered in the British Virgin Islands, announced that it had lifted its stake in the group from 19.8 per cent to 22.22 per

Mr Waring reminded yester-day's AGM that in July he had told shareholders he feared the year to next April would be demanding and said Goode Durrant could not be immune from the present economic cli-

divisions are trading profitably, some are unlikely to achieve the levels of profits achieve the levels of profits anticipated for the half year."
Mr Waring said that pre-tax profits for the current year were unlikely to match the record level of £13.5m achieved in the year ended April 30 1990 but were nevertheless expected to exceed the \$11.2m for the previous year. £11.2m for the previous year.

£11.2m for the previous year.

A motion to re-elect two directors was carried by 73 per cent to 27 per cent after Winnedael requested a poll. Mr Tim Nash, a director of Winnedael, said he had nothing against the two directors personally, but opposing the motion was the only way open to his company of opposing the current board's steward-

ship of the company.

A resolution to renew the directors' right to issue new shares was approved by 70 per cent to 30 per cent. However,

Mr Nash declined to elabo rate on his company's intan-tions regarding its growing stake in Goode Durrant. However, he said he was anxious to see the group focus its cur-rent activities, which were all exposed to the same part of

Deen & Rowes

group said yesterday.

Only seven acquisitions were made during the first half of 1990 for just £1.6m. With the UK death rate static PHK cannot count on the funerals division for growth, and may rely on diversified operations such as executive limousine hire. Group turnover was 10 per The division - the largest cent higher at £26m, than equivalent figures in the first

half. Earnings per share reached 7.5p and the group declared a second interim dividend of 2.1p. The first interim, for the three months to Decem-

Interest charges knocked

£1.54m off operating profits. The group also had trouble

selling surplus assets because of the tough property market. As chairman of Hodgson

Holdings, Mr Howard Hodgson PHK's chief executive, pursued

a policy of rapid expansion by acquisition. PHK's growth was

more likely to be organic, the

ber 31, was 1.2p.
Some 24 per cent of PHK is owned by Pompes Funebres Générales, the funeral directing subsidiary of Lyonnaise des Eaux, which has just merged with Dumez, the con-struction company.

# Receivers in at Musterlin as banks refuse support

By Andrew Jack

MUSTERLIN GROUP, the ing requirements in the run-up troubled USM publisher, has gone into receivership under the shadow of heavy borrowings. Its shares were suspended

on Monday.

Barclays Bank, the company's principal bankers, appointed an administrative receiver after the collapse of

receiver after the collapse of negotiations to sell and refinance Musterlin last Sunday. "It is a very sad outcome, particularly for individual shareholders," said Mr Peter Nutting, chairman. "I don't think the company was very claverly run in the past, but it could have been saved." could have been saved."
He estimated that a further

2500,000 loan was required to cover regular seasonal borrow-

to Christmas. "Unfortunately the bank felt unable to increase its £7m exposure," he The burden of interest was

crucifying and there were sub-stantial trading losses for the first six months of the year." Net debt stood at about £10m. Mr Nutting and another director were appointed to the board last May after Musterlin

\$384,000 in the year to December 31 1989, against expectations of about £1.4m. The chairman and a non-executive director resigned in July following a warning of "a very significant loss" for the interim results.

revealed pre-tax profits of

70p per unit for the additional shares. In London, Leica closed down 20 at 460.

# Shares in Goode fall after profit

9p to 90p yesterday after shareholders were given a profits warning by Mr Michael Waring, chairman of this vehicle, housebuilding and

He added: "Our first-quarter results indicate that, while all

the current board's steward

because it was a special resolu tion it required a 75 per major-ity and therefore failed.

the economic cycle.

Dean & Bows has increased its pre-tax profit by 12.5 per cent, from £1.52m to £1.71m, in the opening half of 1990.

The group designs and refur-bishes licensed premises, hotels and leisure centres. It is quoted on the USM but has decided to go for a full listing as soon as practicable.

The acquisition of Muschter Beheer Ter Aar, of Amster-dam, gave the group a signifi-cant foothold in Europe. Turnover in the half year advanced 45 per cent to £19.2m (£13.27m). Earnings wer there came to 7.3n (7.3p)

per share came to 7.3p (7.3p) and the interim dividend is held at 2.75p.

# Meat trader who may face a financial abbatoir Banks take a vital decision today on Goodman International, Kieran Cooke reports

he future of Goodman International, Europe's biggest beef processing and exporting company, could be determined by a vital meeting in Dublin today of more than 30 banks.

The banks, owed more than If 450m by Goodman Interna-tional, will decide whether or not to give further emergency funding to the group. This is a crucial stage in the effort to keep the group affoat which is being made by Mr Peter Fitzpa-trick, the examiner appointed to Goodman International by the Dublin High Court under legislation rushed through the Irish parliament late last

Mr Fitzpatrick says that existing funds will be exhausted by the end of this week. If the banks refuse fund-ing today, he will either have to look elsewhere for addi-tional cash - or consign Goodman International to the finan-

cial abbatoir.

The High Court has asked him to report by October 10 on whether Goodman International can be saved. He will conclude it can, but only if there is a way to refinance or restructure the company's huge debts. For that he needs the co-operation of its bankers. But some of the banks which have lent money to Goodman International have doubts, to say the least. They feel that Mr

Larry Goodman, head of the labyrinth of private companies which come within the Goodman group, misled them.

Quite how more than 30 banks, including some of the top names, allowed themselves to become so deeply involved in the Goodman debacle is far

Bankers were clearly impressed by the mystique sur-rounding Mr Goodman. They believed he was a man of vast private wealth. They understood him to have close connections with senior figures in the Irish government. But they apparently did little research into how Goodman International was structured or the state of its financial affairs.

Having advanced substantial leans, most of them made over an 18-month period in 1988-89, they failed to monitor how the cash was used. Most crucially, they did not ask for any secu-

rity and were ready lenders. Now they are desperate to recover at least some of their

money. Late last month the banks discovered their mistake. when they were summoned to a meeting in London on August 22. It quickly became clear that Goodman International's financial affairs were in a parious

They found out that Goodman International, part of Mr Goodman's web of companies, had built up bank debts of I£460m, plus another IE200m in bank guarantees. These sums were well in excess of the

group's assets. Bankers were staggered by the news. They had not realised how many credit lines had been opened. Mr Goodman had shown no particular favouritism in his fund raising exer-

from Tokyo to Helsinki and from Vienna to New York were involved. Dutch, German and French banks seem to have been particularly badly hit.

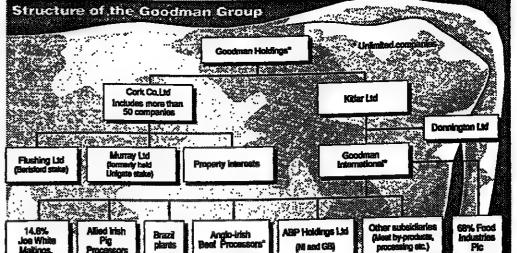
According to sworn state-ments made by bankers to a Dublin court last week, funds lent to Goodman International for trading and processing of livestock had instead been used by Mr Goodman for other activities, including loss-mak-ing investments in Berisford International, the property, sugar and commodities com-pany, and Unigate, the UK

dairy group.

Debts of I£180m owed by Iraq, one of Goodman's main customers, had been allowed to customers, had been allowed to pile up far in advance of the Gulf crisis which finally put a stop to any hopes of payment. Unexplained loans of 1235m had been made to a private individual out of Goodman

One banks' offidavit amorted that figures showing the finan-cial state of Goodman Interna-tional "could not be easily reconciled with one another... the package as a whole, however, confirmed that Goodman International was insolvent."

The four banks which took last week's Dublin court action to be given greater access to Goodman assets - Amro and ABN of the Netherlands, Commerzbank of West Germany



um as yet at

- have more than I£120m in loans outstanding to Goodman

The banks say that earlier this year they were led to believe that Goodman International was in a sound financial position. As late as mid-August Mr Goodman had told Com-mersbank that his working

and Banque Indosuez of France were given the impression that Irish government insurance covering Goodman exports to Iraq - withdrawn by the Government late last year after certain "statistical discrepan-cles" came to light — was to be reintroduced. The Government has strenuously denied this and the suggestion made in court last week that Mr Good-

PROVISIONAL LIST OF LENDING BANKS The total exposure of the banks is more than 12450m, plus bank guarantees of I2200m.

bank guarantees of 12200m.

The banks with a known exposure include ABN, 1528.9m; Amro, 1530.6; Bank of Ireland, 1520m plus; BNP, 159.5m; Banque Indosuez, 1520m plus; Barclays Bank, 157.4m; Commerzhank, 1535.1m; Lloyds Bank, 1520m plus; National Irish Bank, 155m; Ulster Bank, 1217.9m.

Banks with unknown exposure include Allied Irish Banks, Arab Bank, Banco Bilbao Vizcaya, Bank of America, Banque Worms, Credit Agricole, Credit Lyonnais, Credit Suisse, Dallehi Kangyo, Den Danska, Girozentrale Vienna, Jyske Bank, Kansallis Osake Pankki, RZB, Vienna, Westl.B, Swiss Bank Corp, Union Discount, Edinburgh.

capital position was "quite comfortable" and that the com-pany expected to make a profit of 1217m in 1990.

The banks also claim they for more than 25 years, appar-

Significantly, Allied Irish Banks, bankers to Goodman

man had the support of senior

ently reduced its once large exposure to the company in recent months. AIB is now believed to have debts with the company of less than 153m. Perhaps AIB, Ireland's largest bank and closest to the

Goodman action, saw the writing on the wall. But conversely AIB is now more aware than others of the crucial importance to the Irish economy and to thousands of AIB farmer account holders - of keeping Goodman Interna-tional alive.

Goodman handles more than 40 per cent of the annual cattle slaughter and owns much of the infrastructure of the indus-

the infrastructure of the industry. Beef exporting is important to the Irish economy, with beef exports worth just over 121bn last year - 7 per cent of the country's total exports.

So far Mr Fitzpatrick admits he has only been firefighting, trying to raise funds to keep operations going. If bankers cry for blood at today's meeting and refuse extra funding, his job will be made next to impossible.

# Swiss stake in Leica up

DR STEPHAN Schmidheiny, the Swiss businessman, has taken his stake in Leica to 81.6 per cent following the sale by Dr Terence Gooding, former chairman, of his family's 10.5 per cent interest in the USM-listed optics company, writes David Owen.

Dr Gooding resigned his post earlier this month at the group's AGM. He was previously chairman of Cambridge Instrument, the UK company which formed Leica through its merger with Wild Leitz, the Swiss camera and optical

DR STEPHAN Schmidheiny, instruments group earlier this

Mr Markus Rauh, Leicz chief executive, said that it was "definitely not" Mr Schmidheiny's intention to go private.

The merged entity is among the world's leading optical squipment groups with an annual sale of 5500m.

Dr Schmidheiny, whose directorships include Nestlé, Union Bank of Switzerland and ABB Asea Brown Boveri, paid 70p per unit for the additional

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# Chemicals setback hits Yule Catto

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YILE CATTO, the speciality chemicals, building products and plantations group, suffered a 9.7 per cent fall in pre-tax profits in the half year to end June, but increased the interim dividend to from 1.9p to 2p. The group's shares slipped 3p to 94p. to 94p. Lord Catto, the chairman,

said the results reflected "mixed fortunes" with the UK businesses suffering while overseas activities made "good progress". He said "the outcome for the current year is subject to some uncertainties in the present financial cli-mate". However, he concluded that the businesses would make progress again when conditions improve.

The group's speciality chemicals business was responsible for the profit downturn - its

operating profits fell 22.1 per cent to 57.5m. This compared with a strong performance in the first half of last year, and the profit fall was exacerbated by the later timing of some large sales contracts which will come into the second half this year. Difficulties in pass ing on raw material price increases squeezed margins, Group turnover was 2.8 per

cent lower at £118.4m, and operating profits 7.8 per cent down at £10.9m. This included down at £10.9m. This included a rise of 38.2 per cent in the building products division, to £3m. This does not include profits from Unilock, bought in August for £24.6m, and two smaller acquisitions.

The agriculture and land business increased operating profits 20.8 per cent to £987,000, though this included an unspecified contribution from hous-

ified contribution from housing development in Malaysia, a business which has now been sold. Excluding this, profits reduced because of lower prices for palm oil and latex. Net interest charges were marginally higher at £1.5m. But, Mr Allister McLeish, finance director, said this would rise in the second half



made good progress

as the impact of the cash purchase of Unilock took effect.

Group gearing has risen to close to 30 per cent. After a lower tax rate, earnings per share fell 7.5 per cent from 6.7p

UK COMPANY NEWS

O COMMENT Yule Catto is a somewhat ignored stock. In fact it is less exposed to the UK economy than most and has a broad spread of activities. Its build-ing products business, which makes no sales to domestic housing, has performed well and will benefit from the latest acquisitions next year. The hal-ance sheet is a cause for some concern, but with positive cash flow the level of gearing will come down and interest cover is satisfactory. There probably will not be any further deals for a while. The group cannot escape the present economic trauma but its profits will slip rather than plunge. This year pre-tax should reach around £20m, against £21.3m, and there could be another slight fall next year. A 1991 p/e of around 7.5 and a yield this year of 6.7 per cent, assuming another small increase in the final, is not a demanding rat-

**British Telecom** sells Welsh facility to STC

By Michael Skapinker

BRITISH Telecom is to sell its telephone manufacturing facility in South Wales to STC, the UK communications group, for

£11m British Telecom has said that it wants to withdraw from its manufacturing activities to concentrate on the provision of

STC, which is selling its computer subsidiary ICL to Fujitsu of Japan, has indicated that it wants to become a world-class telecommunications manufacturer.

The manufacturing facility at Cwmcarn, South Wales, makes the Vanguard, a tele-phone which BT offers to its rental customers. As part of the agreement, STC will con-tinue to provide BT with Vanguard telephones for up to

three years.

Neither party would discuss the sums involved in the agreement, but it is understood that STC will earn more than \$50m for the provision of the tele-

phones. The facility, which employs

900 people, also includes a tele-phone refurbishing activity and a label production busi-ness. STC will only take over

the telephone manufacturing facility and 700 of the staff.

STC said yesterday that the additional manufacturing capacity would enable it totackle new markets in continental Europe, which are open-ing up to foreign competition. The company already has a telephone manufacturing plant in Monkstown, Northern

Mr David Dey, managing director of BT's Communications Systems Division said: "Selling the facility will enable us to devote more resources. and management skills to our main business activity, increasing efficiency and improving service to custom-

Rarlier this year, BT put up for sale its 51 per cent stake in Mitel, the Canadian manufac-turer of computerised telefar failed to find a buyer.

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# **SEET falls into the red** and passes final dividend

PRE-TAX losses for the year to April 30 at SEET came out at £336,000 sgainst profits last

time of £202,000. The result follows an interim loss of £133,000 and the Edinburgh-based textile company is passing the final dividend, leaving payment for the year at 1.6p against 5.3p.

Mr Jock Mackantie, chair-

man, said that although the company was affected by the general downturn in textiles it maintained its competitive position and would benefit

from any recovery.

He added that in the first four months of the present year turnover at Peter Macarthur, the tartan manufacturer, had increased by almost 20 per cent but margins had been

Sales of Harris Tweed continued to be depressed. Group turnover was lower at 28.15m (£9.52m) with losses per share of 10.78p (2.32p earnings). There was an extraordinary charge of £638,000 (£144,000) including provisions for the loss on the sale of Elegance (Holdings) and a write-down in the value of the group's holding in Tace.

#### Rathbone moves ahead by 19%

Bathbone Brothers, the USM-quoted financial services group, lifted pre-tax profit by 19 per cent, from £1.06m to £1.26m, in the first half of

Turnover rose 27 per cent to 23.89m (23.07m), while earn-ings reached 11.36p (9.81p) and the interim dividend is raised

# **Domestic & General profit** surges by 42% to £3.4m

By Richard Lapper

DOMESTIC & General, the breakdown insurer which was floated on the Stock Exchange in 1988, reported pre-tax profits of £3.4m for the year ending 30 June 1990, an increase of 42.2

Earnings per share increased by 45.9 per cent to 31.37p comby 45.9 per cent to 31.37p compared to 21.5p last year.

A final dividend of 7p per share is proposed, making a total of 10.5p for the year, an increase of 27.3 per cent.

Mr Martin Copley, chairman, said that sales of extended warranty policies (cost to firm year)

ranty policies (one to five year insurance covers that extend manufacturers' guarantees by up to five years) for domestic appliances had proved resilient despite lower retail sales of both brown and white

Premium income during the twelve months rose to \$20.9m

compared to £14.4m last year.
"Realistic premiums for business written up to five years ago and careful claims control ensured modest underwriting

ensured modest of the profits," said Mr Copley.

The company claims that customers are becoming increasingly aware of this type of insurance product and waterless who care a commisretailers, who earn a commis-sion on each policy they sell, are marketing the policies aggressively, partially to com-pensate for depressed

cent of premium income com-pared to five per cent in

The group's Bedworth-based claims centre handles 18,000 claims a month. "Efficient

administration of a high vol-ume of small-ticket policies is essential to our business" said Mr Copley.

Investment income, mainly extract on cash deposits or by the group's personal loan subsidiary, Copley Ltd, rose from £2.49m to £4.08m. The group has eschewed the equity markets and property investi

appliance installation outlets, acquired 18 months ago. According to Mr Copley the purchase had not "lived up to

Profit margins available on domestic appliance installa-tion, and specifically gas cock-ers, "have proved to be inside-quate to suport the infrastructure necessary for a national network," added Mr Copley.

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Ricardo up 50% after

RICARDO Group, the engines and transmissions designer which merged with SAC Inter-national earlier this year, raised taxable profits by 50 per cent for the west to June 30

cent for the year to June 30. The profits rise from £2.56m to £3.83m is based on acquisition accounting and comprised 12 months of Ricardo and three and a half months of SAC, which contributed £830,000. Turnover more than doubled to £33.02m (£16.01m), with SAC

accounting for £14.36m. Interest revenue rose to £238,000 (£86,000) and tax increased to £1.13m (£722,000). There was no extraordinary item, against £827,000 previously. Earnings per share work out at 13.9p (12.6p), and a final divi-dend of 3.8p (3.65p) is recom-mended making a total of 5.7p

(5p). Mr Roger Smedley, the chair-man, said the merger had helped the group to cover more industries, and become a leading mechanical engineering design consultant with interna-

tional capabilities. The group planned to change its name to Ricardo Interna-

#### Youghal Carpets I£871,000 in red

Reduced demand in the UK because of high interest rates hit Youghal Carpets in the first half of 1990, and its pre-tax loss rose to IES71,000, or ES00,000.

That compared with IE163,000 last time, which had increased to IE1.26m by the year-end. year-end

The directors said there were

no immediate signs of an improvement in market conditions, so attention was being focused on further rationalisa-tion to cut costs and align production capacity to demand. Overall, turnover fell to IE27.7m (IE34m) and operating profit to IE138,000 (IE609,000). The group's interest charge came to IE1m (IE772,000).

#### Administrative costs knock Antofagasta

A £1.81m increase in administrative expenses to £4.05m was the main contributor to a 4 per cent reduction in pre-tax profits at Antofagasta Holdings, the London-quoted group with a variety of industrial interests in Chile, in the first half of

The company added that the taxable result — £14.57m — was struck in spite of a 15 per

Group turnover rose some 21m to 226.01m. Net interest receivable tumbled to 2548,000 (£1.53m). Below the line, there was a charge of £1.9m for exchange and inflation (credit £1.42m). Earnings were 38p (42.3p). The interim dividend is maintained at 6p.

#### **Exceptional items** depress Unigroup

the industrial holding company with interests in building products, clothing, timber and communications, fell by £473,000 to £713,000 in the year

to June 30. Operating profits were down at £1.23m (£1.47m), but this was compounded by an exceptional loss of £190,000 (profit £34,000) relating to foreign exchange translation, abortive share issue costs and compensation payment for loss of office. Interest payable took £55,000 more at £374,000.

an extraordinary loss of

Folkes Group, engaged in property, engineering and building products, increased its pre-tax profit from £1.1m to £1.27m in the first half of 1990.
Turnover fell from £29.48m to £20.46m. Earnings per share were 2.34p (2.28p) and the interim dividend is 0.55p (0.45p). There was an extraordinary credit of £3.08m, which included the profit from the disposal of the Bar Bright divi-

#### Poundstretcher hits Brown & Jackson

figures are not comparable.

the directors explained.

in addition D&G is winning a high level of response from its direct mail marketing efforts. Sales by direct mail now account for around 50 per

The group has decided to close down its network of

Profit margins available on

# cent fall in copper prices and a steadily appreciating pound. The group has increased its share in the Cerro Negro copner mins to 66.6 per cant and SAC merger has consolidated its full share of the results of Banco O'Hig-

Taxable profits at Unigroup

Earnings were down at 0.51p (1.83p) per share and there was

#### Folkes tops £1.2m at halfway stage

Brown & Jackson, the retailer. incurred a loss of £337,000 in the half year ended June 30 1990. That went against a profit of £1.78m last time although in certain material respects the ngures are not comparable.

Because of the major significance of Poundstretcher, the
variety discount store business, over 90 per cent of profits
were normally earned in the
last quarter of the year, while
the opening three months
showed a material trading loss,
the directors explained

The 1969 half year excluded \$1.8m of pre-acquisition losses incurred by Poundstretcher in

the period January 1-Merch 13. ended June 30 1990, from the Also there was a £500,000 profit contribution from Premier Construction, which was sold at the end of 1989.

Sales by the group, which retails toiletries, household goods, clothing and electrical goods, rose from 551m to 574m. Loss per share was 2.4p (earnings 1.04p) and the interim dividend is 0.6p (0.5p).

#### Sheldon Jones up to £627,000

Sheldon Jones, the USM-quoted garden and timber supplies, Chemicals and pet foods group, increased its pre-tax profit to 2627,000 for the 13 months £471,000 of the previous year: Turnover was £12.4m (£15.79m) and operating profit £636,000 (£587,000). Earnings were 7.1p (6p) and the final dividend is 3.77p for a total of 5.12p (4.65p).

The profit was struck after

£73,000 exceptional charge and below the line there was an extraordinary provision of 2876,000. They included all profits and costs associated with the sale of the agricul-tural division, the closure of Bruton Mill, insurance pro-ceeds following a fire at Hal-berton Mill, the relocation of Pascoe's, FCC and Topwood, and compensation to certain executive directors.

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U.S. FEDERAL SECURITIES FUND S.A. Société d'Investissement à Capital Variable 2, Boulevard Royal L-2953 Lamenbourg Grand Duchy of Luxembo

R.C. Lummbourg B-22917 Stareholders are informed that the Articles of Incorporation of the Company were amended on April 7, 1989 pursuant to which the Company is now a Société d'Investissement à Capital Variable qualifying as an Undertaking for Collective Investment in Transferable Securities ("UCITS") by the meaning of the law of March 30, 1988.

Shareholders may tender their share certificates for stamping at the main offices of Banque Internationale à Luxembourg, 69, Route d'Esch, L-2449 Luxembourg, from October 8, 1990 to November 9, 1990. At the end of this period, only duly stamped certificates will be of good delivery on the Luxembourg Stock Exchange.

The current Prospectus of the Company dated March, 1990 is available at the registered office of the Company.

The Board of Directors

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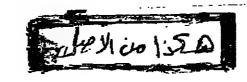
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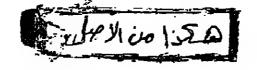
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**FINANCIAL TIMES** 





#### COMMODITIES AND AGRICULTURE

# MacSharry promises to keep tight rein on CAP

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MR RAY MacSharry, the European Community's Farm European Community's Farm Commissioner, promised yesterday that "neither stocks nor budgets" in the EC would be allowed to get out of control. He was speaking at a press briefing in Brussels at the end of this week's meeting of EC. of this week's meeting of EC
Agriculture Ministers — an
occasion marked by deep anxiety over the deterioration that has taken place in recent months in many of the major agricultural commodity mar-

Yesterday's council was not asked to take any decisions but Mr MacSharry was left in no doubt during discussions about the worsening plight of the Community's ilm farmers. His message yesterday was that Brussels was doing all that it could to support prices,

notably in the beef and dairy sectors. He highlighted the major meat deals which had been concluded in recent weeks - 190,000 tonnes for Romania and the Soviet Union and 80,000-90,000 tonnes for Brazil – and pointed out that export refunds had been lifted in July both for heifers and steers; and recalled that the so-called "safety net" which triggers unlimited support for beef producers at 80 per cent of the intervention price has been introduced in Ireland, North-

ern Ireland and Great Britain. So far in this marketing year the EC has purchased 120,000 tonnes under the normal ten-dering arrangements and a further 110,000 tonnes under the safety net.

In dairying, meanwhile, export refunds as well as aids

for pastry and ice cream mak-ers, casein producers, and for the use of skimmed milk power in animal feed have been increased. "Everything that we can do has been done," he maintained. Recent problems such as the diversion of food from Eastern Europe and the impact on beef consumption of the mad cow disease "could not have been foreseen three to six months ago."

Mr MacSharry also restated his desire to "reorientate" the Common Agricultural Policy towards smaller producers and pointed out that 80 per cent of the EC's resources go to 20 per cent of the recipients. Work on tackling this issue would pro-ceed "in the next weeks and months" alongside the interna-tional trade talks known as the

# Soviet problems slow growth in world cocoa consumption

By David Blackwell

THE SOVIET Union's lack of foreign exchange has slowed down considerably the rate of increase in world cocoa consumption, according to the latest cocoa report from Gill & Duffus, the London broker now part of the E.D. & F. Man

group.
This season Soviet cocoa bean imports have fallen by 30 per cent to 135,000 tonnes. according to the report. Next season, the Soviet Union's diffi-culties in financing purchases could depress imports by a further 30 per cent, reducing the total East European grind to 179,000 tonnes, the lowest

level for 20 years. The Soviet Union for the past five years has accounted for two thirds of the East Euro-

pean grind.
In the rest of East Europe, consumption is expected to be 13 per cent down this season, and to remain at a similar level next year. While East Europe has taken in some Western chocolate products, the impact

of German unification "should not be over exaggerated," says

"If per capita consumption in East Germany rises to West German levels an additional 25,000 tonnes of cocoa would be used, which is equivalent to 1 per cent of world consumption. Unemployment is rising rap-idly in East Germany as a con-sequence of economic restructuring and even current consumption levels may not be sustained in 1991."

World cocoa consumption this season is estimated at 2.21m tonnes, an increase of 4.1 per cent over the previous year. Next year Gill is forecasting a rise of 2.9 per cent to

This is still a healthy growth in consumption, points out the report. But consumption remains well below production, which is estimated at 2.42m tonnes for 1989-80 and at just over 2.42m tonnes for 1990-91, the seventh consecutive year of surplus production.

The outlook for prices is bearish. Prices have fallen for the past six seasons because of the production overhang, and "there is no reason to expect any different response to a seventh surplus in 1990-91.
"If our estimate for next

season's surplus is realised we expect prices to fall below the 15-year lows registered at the beginning of 1990. If the next season's surplus is not as large as we anticipate, the high level of accumulated stocks should prevent a significant price

increase in the near future."
However, the size of the overhang is falling steadily. If consumption continues to grow and production remains unchanged, the supply demand-balance will move into deficit in the 1992-03 assessment.

deficit in the 1992-93 season.
"Although short-term prospects are not encouraging for producers, this offers hope of a significant and sustained recovery in prices in the mid-1990s, the report con-

# **MINOR METALS PRICES**

free market, drummed molyb-dic oxide, \$ per lb Mo, in ware-

SELENIUM: European free

TUNGSTEN ORE: European

market, min 99.5 per cent, \$ per lb, in warehouse, 4.80-5.50.

house, 2.86-2.92 (2.88-2.94).

ANTIMONY: European free market 99.6 per cent, \$ per tonne, in warehouse, 1,640-1,700

(1,630-1,700). BISMUTH: European free market, min. 99.99 per cent, \$ per lb, tonne lots in warshouse, 2.80-3.00 (same).

market, min. 99.5 per cent, \$ per lb, in warehouse, 2.50-2.80

CADMIUM: European free

(2.60 - 2.90). COBALT: European free free market, standard min. 65 market, 99.5 per cent, \$ per lb, per cent, \$ per tonne unit (10

Prices from Metal Bulletin (last in warehouse, 11.80-12.40 (11.50- kg) WO, cif, 37-50 (37-51). week's in brackets). VANADIUM: European free MERCURY: European free market, min. 98 per cent, \$ a lb VO, cif, 2.75-2.95 (same). market, min. 99.99 per cent, \$ per 76 lb flask, in warehouse, URANIUM: 190-210 (same). exchange value, \$ per lb, UO, MOLYBDENUM: European 11.45 (same).

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Tin	-40 to 11,485

# Dutch farmers face chemical warfare curbs

Ronald van de Krol on a sweeping government plan to control the use of pesticides

computer-controlled spraying devices and crop growers are quick to adopt the latest in chemical advances, there has always been a very small minority of "organic" farmers who shun all forms of artificial pesticides and fertilisers.

pesticides and fertilisers.

Now, however, a sweeping government plan for making radical cuts in the use of pesticides is about to elevate these "organic", "bio-dynamic" farmers to the status of pioneers, to that of people capable of pointing the way to new, chemical-free techniques for the rest of the aericultural for the rest of the agricultural community.

The new pesticide proposals, unveiled last month by the agriculture ministry, are regarded as the strictest in the world, and they will undoubt-edly bring far-reaching changes to Dutch farms. While the 99 per cent of Dutch farmers who now use pesticides are not expected to embrace "alternative" farming in full, they will have to borrow some ideas from their "bio-dynamic" counterparts. For example, natural predators will be used to combat harmful insects. And weeding will increasingly be done by machine rather than by chemi-

N THE high-tech world of Dutch farming, where hothouses bristle with omputer-controlled spraying evices and crop growers are to at least 50 per cent by the year 2000.

> REDUCTION TARGETS 35% 50% Pesticide use Discharges: 38% 50% into soil and ground water 48% 75% Into surface water 70% 90%

The measures are aimed at cleaning up the soil, the air and, above all, the water in and around Dutch farms. Because Holland's low-lying crop fields are criss-crossed by streams, ditches and canals, pesticides surayed onto crops easily find their way into ground and surface water.

Though pesticide pollution is common in western countries, the problem in the Netherlands is particularly acute. To make matters worse, the country also suffers from huge surpluses of natural manure, another prime cause of water, air and soil pollution.

The two issues - artificial pesticides and natural manure - are linked, in the sense that they both stem from the intensive nature of Dutch farming. Land is scarce and extremely

squeeze as much produce or environment ministry, could livestock as they can from their acres. Heavy use of pesticides and soft fumigants is

Another factor is the high degree of specialisation prac-tised by Dutch farmers, which cuts down on crop rotation, a natural way of improving the quality of the soil without resorting to chemicals. All in all, the agriculture ministry estimates that farm-ers spread an average of 10 kg

of active agent on each hectare of land every year. This is higher than in neighbouring European countries and must be reduced. "Maximum use must be made of people-friendly and environmentfriendly crop protection methods that fit into sustainable and profitable agricultural systems," it says.

armers' organisations agree that pesticide use and dependence on chemicals agents must be curbed. But they are critical of parts of the government's proposals, which will probably not go into practice until 1991 at

Mr Ubel Geling, head of the Dutch agricultural board's hor-ticultural department, says the agricultural ministry's propos-als, combined with a separate campaign against harmful

mean that farmers will have to reduce their pesticide use by 70 per cent or more by the year 2000. "That is too much too

fast," he says.

Another problem, he argues, is that consumers will need to be told that fruits and vegetables might look different in future. "If the consumer stops buying Dutch apples or potatoes because they have snots toes because they have spots on them and buys Chilean or French products instead, then

French products instead, then our competitive position will come under threat," he says.

The cost of switching to new farming methods will be high. The ministry itself estimates that the proposed rules will require farmers to invest an extra Fl 2.3bn (\$1.3bn) between now and 2000. Higher invest-ment costs will also accelerate the decline in the number of farms. Last year, the decline was 3.1 per cent, due in large part to older farmers retiring and to difficulties in the arable

The rules will also mean that farmers will need a licence to spray their crops and that they spray their crops and that they
will have to pay levies on the
use of pesticides. Some soil
fumigants will be available on
"prescription" only, while a
register of pesticide sales will
be established to keep track of
which farmers use which
chamicals

As they reduce their pesti-

cide use Dutch farmers will cide use Dutch farmers will run a higher risk of losing parts of their harvest to pests and diseases, says Mr Cees-Jan van Overveld, a researcher into farming trends at the agricultural board. More significantly, they will probably not be able to pass on all their higher costs to consumers, unlike natural farmers who market a large farmers who market a large portion of their products through pricier natural food

shops.
The three sectors expected to be hardest hit by the anti-pesticide measures are: potatoes grown for the processing industry; flower bulbs; and vegetables grown in the open earth, such as cabbages, Brussels sprouts and carrots. The country's hothouse horticuluralists will also come under pressure to reduce their pesticide use and to create closed-system growing methods, so that water, soil and air treated with chemicals do not

Already, many Dutch hothouses are designed to recycle and purify the water they use, while many of their products are grown in artificial rockwool that is thrown away after use. New developments expected in future are the recycling of used rock-wool and the development of new types of "artificial soil" made from organic materials such as sand and clay.

# Crop recovery puts Turkey in surplus

If put into practice, the gov-

cal spraying.

By Jim Bodgener in Ankara TURKEY'S HARVEST has been ample this year, with broad recovery from the drought of 1989, though not so abundant as the bumper crops produced in 1988. Good, albeit late, spring rains warded off the threat of another dry year.

Most importantly, wheat production has returned to the duction has returned to the normal level of 14m tonnes compared with 11.5m tonnes in

compared with 11.5m tonnes in 1868. "It is a good crop of good quality," says a Western expert. Bariey too has been reinvigorated, rising to 8m tonnes from 4.9m.

Regional grain crops over the period have been up and down. Last year Thrace had a good crop compared with the rest of the country, this year it is the other way round. is the other way round.

And it seems that the state-owned Soil Products Office (TMO), the marketing and distribution organisation for cere-als and pulses, over-estimated the extent of last year's drought, and as a result over-imported around 6 million tonnes of grains including tapt-oca. Predictions in other quarters were that only 2.5m tonnes of wheat, and about 1m tonnes of barley, plus a small amount of tapioca would be required. This means that the TMO is left now with bulging silos

from last year, plus the normal

Ciose

Copper, Grade A (E per tonne)

Cash 1476-8 5 member 1443-4

Leed (E per tonne)

dinium, 89.7% purity (5 per torind)

Previous

surplus from this year's crop. Large deficits have been incurred, considering that the government's internal support government's internal support prices through the TMO to the farmers were between \$180 and \$206 a tonne, depending on quality, compared with import prices, even including surcharges, of ground \$150. Earlier in the summer the TMO borrowed \$500m through an international syndicate to finance its obligatory crops purchases. its obligatory crop purchases, but it will also have to sell to millers at the prevailing

The cotton is expected to be little changed, at around 620,000 tonnes. Yields were higher as a result of the improved climatic conditions, but farmers had planted less because last year the govern-ment lifted imports protection, while some growers switched to more profitable crops. A kind of wilt is affecting the

plants in Cukurova, but since it attacked after the bolls were formed and had opened, the damage is expected to be mini-The tobacco crop is projected.

to fall to about 210,000 tonnes this season from 252,000 tonnes in 1989. The reason for the decline is probably that gov-ernment prices have peaked;

have been overpaid despite their rancorous protests over prices fixed by the government earlier this year. The whole of

the crop was sold in three weeks, so their claims were probably exaggerated.

The citrus and other fruit crops are very good, but this has come at a time when overseas markets have been bit by sees markets have been hit by the Gulf crists. For example, the Guif crisis, For example, Turkey sold 80 per cent of its phuns and prunes, 70 per cent of its fresh cherries, 50 per cent of its spales, 50 per cent of its pears, and 70 per cent of its apricots to Kuwait. However, because much of the early crop ones to Rastern Europe the goes to Eastern Europe, the impact has not yet fully sunk

But an alternative market already being sounded out for fresh fruit and vegetables once exported to the Gulf is the multi-national force building in Saudi Arabia, particularly the US troops. If war were to break out Turkey could be in a good position to supply the force with many of its food needs, though this of course might be a very short-lived situation. Sultana output is down by 10 per cent from last year at about 130,000 tonnes but the crop fluctuates quite widely from year to year anyway.

(Prices supplied by Amalgamated Metal Trading) CRUDE OIL (Light) 42,000 US galls S/berrel

has meant the sunflowerseed crop will probably be reduced to 850,000 tonnes from an expected 1.1m tonnes. There expected 1.1m tonnes. There was a little rain early in the summer, which led growers to plant. In the hot weather that followed, the seeds germinated well, but plants were stunted. The result is less oil production and more imports.

But olive production this year should be up during a positive year in the trees' bismuial

itive year in the trees' blennia fruiting and a crop of around 600,000 tonnes is expected.
On the other hand, soyabean growing, largely in the Cukurova region, will again be disappointing. Five or six years ago soyabeans were trumpeted as the panacea for the ills of Turkey's edible oilseeds industry, but the annual crop has consistently failed to come anywhere near the projected 500,000 tonnes by 1990, reaching around 200,000 tonnes at best.

As for nuts, the pistachio crop will not be so good because it is an off year in the biennial cycle and output will probably decline to 8,000 tonnes from 25,000 tonnes. Hazelnuts will also be well down, to about \$40,000 tonnes compared with an exceptional rop fluctuates quite widely crop of 520,000 tonnes last year, om year to year anyway. When everything seemed to be just right for the bushes.

#### Higher estimate for rubber consumption

WORLD NATURAL rubber consumption is expected to rise to 5.54m tonnes this year from 5.34m tonnes in 1989, the Malaysian Rubber Research and Development Board said, reports Reuters from Kuala impur. And synthetic rubber demand is likely to rise to 10.75m tonnes from 10.42m tonnes, the board said in its

1990 second quarter review. The board's estimates are higher than an earlier forecast by the London-based Interna-tional Rubber Study Group which put 1990 natural and synthetic rubber consumption at 5.51m and 10.40m tonnes respectively.

World natural rubber production totalled 1.21m tonnes

in the first quarter of this down from 1.27m in the same 1989 period, largely because of lower Malaysian and Indonesian output, the board said. Rubber output this year in Malaysia, the world's top pro-ducer, is likely to be considerably less than 1989's 1.36m tonnes because of low prices and a reduction in the number of mature trees because of replanting, the board said. The uation has improved, it added, partly because of the rapid depletion of Malaysian stocks.

Chicago

SOYABEANS 5,000 bu mire cents/60to bushel

# MARKET REPORT

Gold closed above \$400 an ounce on the London bullion market yesterday, but off the day's highs. Traders said gold had established itself at the higher levels reached over the previous 24 hours. Gold lacked follow-through activity after brisk European buying In the morning, when it was fixed at a four-week high. However, there was no aggressive selling. Today's explry of European options would indicate future direction, putting resistance in the meantime at \$410 and support at \$400, they said. On the LME aluminium again fell sharply, with cash metal closing below \$2,000

a tonne for the first	time for n	nore
London Mai	kets	
STERMAN TOWN		
Crude oli (per barrel FOB)		+ 07 -
Dubai	\$40,15-0.25	
Brent Bland (Gest) Brent Bland (November)	\$37,80-7.90	425
W.T.I. (1 pm est)	207.里子野y	730
Oil products (NWE prompt delivery per t	onne CIF)	+ or -
Premium Gasoline	3442-445 \$348-345	-4 -9½
Gas Off Heavy Funt Off	5140-142	_
Naphthe Petroleum Argus Estimates	\$379-383	+1½
		+ or -
Other Gold (per troy oz)	\$404.25	+8.25
Silver (per troy oz)	489c	+1
Platinum (per troy oz)	\$461.60	+ 70.35
Palladium (per troy oz)	\$103.05	+2.05
Aluminium (free market)	\$2035 132 4 c	-100 +1%
Copper (US Preducer) Lead (US Producer)	50c	
Makel Steen markets	470c	+7 +0.15
Tin (Kusia Lumpur market) Tin (New York)	277.0c	+3
Zinc (US Prime Western)	84.5c	+3.25
Cettle (live weight)†	199.31p 133.36p	+0.37° +11.2°
Sheep (dead weight)† Pigs (live weight)†	77.60p	-2.45
London delly sugar (rest)	\$260.6v	
Lendon daily sugar (white)	\$311.0v £258.0	+4.5 -2.5
Tate and Lyle export price	£115w	
Barley (English feed) Malze (US No. 3 yellow)	£1150W	
Wheet (US Dark Northern)	£84.2q	
Rubber (Nov)	53.50p	+0.75 +0.75
Rubber (Dec)♥ Rubber (KL RSS No 1 Oct)	53.75p 238.5m	-0.5
Coconut oil (Philippines)§	\$277.5v	+2.5
Palm Cel (Malaysian)S	\$282.5W	
Copra (Philippines)§	\$200t £143w	
Soyabeans (US) Cotton "A" index	2,143W 20.30c	-1.40
Wooltops (54s Super)	438p	
		-

than a fortnight. Traders said the sharp fall in prices from the recent high of \$2,135 a tonne for three-month metal had been fuelled by profit-taking and liquidation orders which triggered sell stops. Some traders said the \$1,900 level represented a 50 per cent retracement of the market's recent upward move and would attract buying interest, but others

stability is probably now necessary to encourage consumers to return to the market,

London Mar	Kets		BUGAR	- 14-5	POX _	(\$ per tonn
POT GARRETS			Rew	Close	Previous	High/Low
crude oli (per barrel FOB)		+ 05 -	Oct	248.60	250.00	249,60 243,60
		- 450	Dec	237.40	248.20	雪加 数 4
Dubei	\$40,15-0.25		No.	241.00 240.00	237.49 244.00	241.80 236.00 240.00 237.40
State Bland (descr)	\$37.80-7.90		May	239.80	238.00	239.80 239.80
Brent Blend (November) N.T.I. (1 pm est)	27.22.7 Py	730	Oct	239.00	238.00	239.00 239.00
DE products	orno CIFI	+ or -	White	Ciose	Previous	High/Low
NWE prompt delivery per t		_	Dec	000.0	308.0	308.0 305.5
remium Gasotine	3442-445	4	Mar	308.7 306.0	303.0	308.7 305.0 307.0 306.0
Sas Oil	\$343-345	-2	May	515.0	314.5	315.2 312.7
teavy Fuel Off	\$379-383	+112	Oct	307.5	309.0	309.7 306.7
laphthe			Dac	307.0	306.5	307.0 305.5
etroleum Argus Estimates			Mer	210.5	309.0	313.0 308.5
Mer		+ or -				ots of 50 tennes.
iold (per troy oz)	\$404.25	+8.25 +1	WHITE T	D2 (133)		
liver (per troy oz)	489c	+ 70.35				Dec 1594 Mar 161
Hetinum (per troy oz)	\$461.60	+ 10.35	May 16:	22, Aug 10	375, Oct. 18	50
alladium (per troy oz)	\$103.05	+2.05	CRUDE	OIL - N		\$/berr
duminium (free merket)	\$2035	+17:		Later	t Previo	
opper (US Preduces)	132 4 C 50c	+17g	Nov	37.30	37.68	38.30 36.80
ead (US Producer)	470c	+7	Best	35.55		35.70 35. <b>20</b>
fickel (free market) In (Kuala Lumpur market)	15 65r	+0.15	Jan	33.80		34.85 33.60
in (New York)	277.0c	+3	Feb	83.50		33.50 33.50
inc (US Prime Western)	84.5c	+3.25	PE (nd			97, ID 34.41
Cettle (live weight)†	100.31p	+0.37*	Turnove	er: 14065	12410)	
heep (dead weight)†	133.36p	+11.2" -2.45"	945 0	L - IPE		\$/tons
igs (live weight)†	77.60p	-6,40		Latest	Previous	High/Low
ondon daily sugar (raw) ondon daily sugar (white)	\$280.6v \$311.0v	+4.5	Oct	335.00	343.00	349.00 329.50
ate and Lyle export price	£258.0	-2.5	Nov	327.00	336.50	338,00 322,00
			Dec	320.50	330.00	331.00 315.00
erley (English feed)	£115₩		Jan	310.50	20.00	323,00 310.00
Malzo (US No. 3 yellow)	\$150w		Feb	296.00	308.00	309.00 298.00
fheet (US Dark Northern)			Mar	282.00	291.75	266.50 282.00
tubber (Nov)♥	53.50p	+0.75	Арг	270.25	279.00	273.50 270.00
ubber (Dec)	53.75p	+0.76	May	271.00	278.00	272.00 271.00
hubber (KL R88 No 1 Oct)	238.5m	-0.5	Turnove	or 16406 (	15536) lots (	of 100 tonnes
oconut oil (Philippines)§	\$277.5v	+25				
alm Oil (Malaysian)S	\$282.5W					
opra (Philippines)§	\$200t		2075			Druvice STC
ovabeana (US)	£143₩		Octob	er/Novem	DOLCHIO:	Dundee STC SWD \$495, c and
otton "A" index		-1.40	\$520,	PMC 204	, or and	\$505, BTD \$455.
looitops (54s Super)	438p		† Aniv	Perp BIC	פטק, פחל	Anni 212 4ani
a tonne unless otherwise	stated p-per	nce/kg.	BMD			
cents/ib. r-ringgit/kg. q-Se	in/Oct. I-Dec.	u-Oat/	COTT	CRE		
es v-Oct/Nov, w-Oct z-Au	NAME OF THE PARTY	thins!		- 1 6	and spikili	ent sales for the
es v-us/Nov, w-usi 2-40	groop <del>y 100</del> 4.	chenne				
ommission average tatato om a week ago. Yt.ondo	CA Prices.		tonne	s against	202 tonnes	in the previous
			wask			

#### WORLD COMMODITIES PRICES COCOA - Lundon POX Come Provious High/Low 725 749 785 806 826 846 871 727 715 764 743 726 757 Turnover: 2930 (4073) lots of 10 tonnes ICCO Indicator prices (SDRs per tonne). Daily price for Sep 24 991.77 (971.61) 10 day average for Sep 25 982.67 (979.91) support area if the overall uptrend is to be maintained. A period of Close Previous High/Low 574 601 618 612 623 638 646 574 583 605 588 620 805 614 598 623 613 571 583 607 600 611 625 640

	Close		
May		Previous	High/Low .
	111.5	132.1	188.6 152.6
Transport	148.4	148.0	148.0
COLICA	er 28 (127	) lots of 40	lonnes.
EOYAR	EAH ME	AL - BPE	£/tonne
	Close	Previous	High/Low
Dest	106.00	105.00	106.00
Turnove	er 75 (5) i	ats at 20 to	MINOS.
	IT PUTU	RES - 877	\$10/Index point
	Close	Previous	High/Low
Det	1198	1204	1300 1180
len	1208	1208	1215 1200
lipr SF1	1175	1210 1179	1205
umovi	er 180 (36	e)	
	\$ - RFE		£/tonne
GRAN		Previous	High/Low
ORANI Wheel	Close	TOTION	
	713.80	113.45	113.75 113.45
Wheat Nov Jan	113.80 117.85	113.45 117.65	113.75 113.45 117.70 117.35
Wheet Nov Jan Mar	713.80 117.85 121.80	113.45 117.55 121.20	113.75 113.45 117.70 117.35 121.30 121.00
Wheat Nov Jan Mar Mar	113.80 117.85 121.80 125.20	113.45 117.65 121.20 124.80	113,75 113,45 117,70 117,35 121,30 121,00 125,05 124,80
Most lev len ver	713.80 117.85 121.80	113.45 117.55 121.20	113.75 113.45 117.70 117.35 121.30 121.00 125.05 124.60 High/Low
Nov ien ver ver ien ver	113.80 117.85 121.80 126.20 Close 112.35	113.45 117.65 121.20 124.80 Prestous	113.75 113.45 117.70 117.35 121.30 121.06 125.05 124.80 High/Low 112.20 111.75
theat tov ian dar dar iany	113.80 117.85 121.80 125.20 Close	113.45 117.65 121.20 124.80 Prestous	113.75 113.45 117.70 117.35 121.30 121.00 125.05 124.80 High/Low

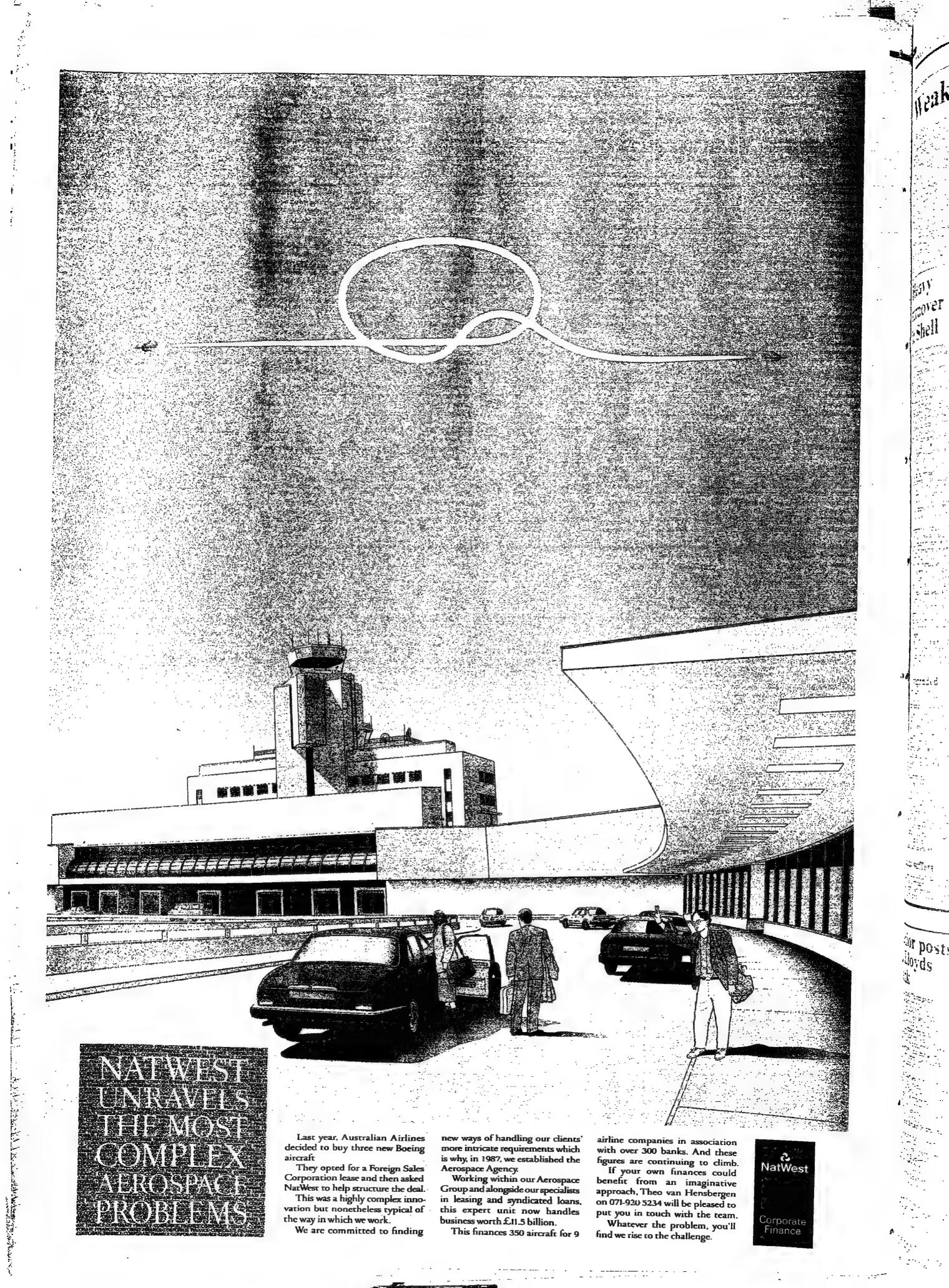
106.0 94.0

# Cash 429-31 3 months 443-4 Nickel (S per tonne) meh 10350-400 months 10275-100 Cash 5900-20 mostiles 6018-30 Cesh 1430-5 5 mosths 1392-3 LISE Closing E/S rate: SPOT: 1.8815 CHECK SELLING MARKET S orice E equinalent 2191<sub>2</sub>-2221<sub>2</sub> 2191<sub>2</sub>-3221<sub>2</sub> 2191<sub>2</sub>-2221<sub>2</sub> 2191<sub>2</sub>-2221<sub>2</sub> 2131<sub>2</sub>-2151<sub>2</sub> 501<sub>4</sub>-511<sub>4</sub> 501<sub>6</sub>-511<sub>4</sub> US cts equiv Allver fix priling ax 482.75 503.05 513.05 Nov Jan Nov Jen 78 45 24 3 19 54 Dec Mar Dec Mar 19 41 73 82 57 Brent Crude

5/425	42	6-8-5	440 9	44.5		-
1438	43	9-40	446-7		65 lots 4 3,972 lots	7
75/101	F6 10	150-75	1000100	Hy WILLIAM	3,512 1045	- N
00/985	0 98	50-900	10050-10	20 9,01	4 lote	Ī
			Total da	ly turnove	r 2,452 lota	J
0/6020	59	05-15 20-20	6010-20	700	of lots	
Weddy	00	20-20			T S.SED Hote	ň
5/1418	14	16-8	,,,,,,	ity without	T SURE TORS	-
9/1370	13	79-80		19,6	ess lots	-
	5.00	omfrs: 1.8	or Che	S very	1,0041	-
						ì
						•
	Ne	wY	ork			
			V			
_	COLD	100 tray	12.; \$/150y C	12.		-
		Close	Previous	High/Lov		
	Sep	402.4 402.8	403.0 403.5	0 407.0	389.8	į
	Hors	405.3	406.D	0	0	ì
	Dec	407.6 412.1	408.3 412.8	412.3	409.3	
	Apr	418.4	417.1	417.0 420.5	₹13.5	i
	Olan Olan	420.9 425.1	421.6 425.8	423.5 428.3	422.5	
	Oct	430.0	430.6	432.0	432.0	
						•
	PLATI		ty oz. \$/tro	y 02.		9
		Close	Previous	High/Los		
	Sep Oct	451.0	458.7 460.7	447.0 482.5	447,0 450.0	:
		451.B	467.5	489.5	457.1	
	Apr Jul	464.6 470.3	473.0 478.7	478.6	470.0 478.5	
_	Oct	475.8	484.2	8	9	•
						į
	SELVE	R 5.000 to	oy oz; cent	-		
	===	Close	Previous	High/Lox		i
	Sep	483.4	491.5	486.0	488.0	. ;
	Oct	484.0	492.0	488.5	488,5	- 1
	Nov Dec	497.6 491.5	495.8 499.5	0 499.0	0 490,5	
	Ján Mar	493.9	502.0	G	8	
_	May	602.0 509.3	510.3 517.7	B10.D B17.0	521 <u>.8</u> 609.5	
_	Jul Co-	516.7	525.2	523.5	516.6	١
_	Sep Dec	524.5 535.7	533.1 544.4	0 540.0	0 535.0	i
						١
						•
_	HIGH	GRADE C	OPPER 25,	000 lbs; cs	nts/ibs	
		Close	Previous	High/Lo	w	
	Sep	129.20	128.40	128.50	126,50	
	Oct Nov	125.50	124.45 120.75	123.96 0	122,65	
	Dec	117.50	118.05	118.20	115,80	-
_	Jan Mer	115.60	118.25 113.05	0	9	
	AP	111.10	113.05 111.90	112.90 0	111.60 0	
_	May	108.80	110-65	108:00	109.40	

Total de	dÇ seci	en interest			Previous	High/Low			
		20,701 lots	-					SOYAL	BEANS :
			Nov Dec	37.60 36.15	38.25 34.82	38.90 36.62	97:10 35.66		Close
1903-6	71,	364 lots	Peb	33.50	32.55	84.55	33.10	Nov	617/4
Total dal	By burnover	27.575 loss	MAX	\$2.30	31.58	33.25	31.80	Jan	632/0
-			Jul	25.10	26.35	28.80	28.10 27.80	Mar	644/6
1445-8	111	,519 lots	ALUM,	27.80	27.75	28.05	21.00	Sec.	653/4
Total di	ally turnove	er 3,129 lots	Wit or to	WO 600 A	2,000 US ga	11	i dita anni ilan	Jul Aug	661/0 657/0
			The same					Sep	635/0
446-7	10,	765 lots		Labet	Previous	High/Lov	r	Nov	626/6
Total di	ally turnove	¥ 3,972 lots	Oct	10140	10392	500	120	BOYAL	BEAN O
	•		Nov	10180	9866 9879	466	150		Clows
10050-1	100 9,0	14 lots	Dec	10230	9678	679 478	200 9950	-	
Total di	ally turnove	er 2,452 tota	Feb	9550	9558	6825	9450	Oct	23.59 23.78
-			Mar.	9175	9158	8400	9000	Dec Juni	24.00
6010-20	7,0	91 lots	Apr	8700	6758	8950	8700	Marie	24.28
Total di	LIV Burnova	of S.S. lots	sulty.	8350	8408	3475	8200	May	24.45
								Jul	24.35
	19,1	868 lots	COCC	MA TO SOM	es;\$/tonne	<u> </u>		Sep	24.20
				Close	Previous	High/Los	<b>*</b>	BOYN	
126	S vno	1,8041 (with	Dec	1288	1205	1302	1277	an rea	
			Mar	1330	1339	1340	1320		Close
			May	1363	1369	1370	1357	Oct	178.5
			Jul Sep	1424	1398 1429	0	0	Dec	181.5
ork			Dec	1457	1482	ō	ŏ	Jean.	188.5 185.7
			•					May	188.0
oz.; \$/troy	OZ.		~~=	EE -0" %	7,500lbs; ce	nts/line		Jul	189.5
Previous	High/Lov		931					Aug	188.5
403.0	0	0		Close	Previous	High/Lo		Sep	1900
403.5	407.0	3,998	Sep	104.40	104.00	103.75	103.75	Oct	WILS
406.0	0	0	Mar	94.65	94.00 97.20	95.35 98.40	93.80 96.95	MAGE	5.000 b
408.3	412.3	404.6	May	97.70 99.96	99.30	100.30	99.20		Close
412.8 417.1	417.0 420.5	409.3 413.5	Jul	101.85	101.50	102.25	101.30		
421.6	423.5	422.0	Dec	105.65	105.25	0	O .	Dec	227/6
425.8	428.3	422.5						May	237/2 243/2
430.6	432.0	432.0	-	- W	*11" 112,0	50 Harrar	near Alban	3.4	247/0
			andr					Sep	244/4
				Close	Previous	ing tr'Lor	•	Dec	245/4
10y az, \$/ti	roy oz.		Oct	11,05	10.96	11.11	10.80		252/4
Previous	High/Los		Mar	10.65	10.66	10.85	10.55 10.58	WHEA	T 5,000
458.7			May	10.85 10.84	10.70 10.72	10.85 10.84	10.55		Ciose
460.7	447.0 482.5	447,0 450.0	Oct	10.00	10.74	10.85	10.61	Dec	274/6
		457.1						Mar	269/4
467.5	489.5			2001 50 000	t cente/lbs			May	296/0
473.0	673.0	478.0	COTT						301/2
473.0 478.7		478.5	COTT			I Habe a		AA .	
473.0	673.0			Close	Previous	High/Lo		Sep	305/6
473.0 478.7	673.0		Oct	74.00	73.70	74.80	73.80	Sep	305/6 316/0
473.0 478.7 484.2	478.5 6		Oct	74.00 71.82	73.70 71.14	74.80 72.30	73.80 71.15	Sep	305/6 316/0 ATTLE
473.0 478.7 484.2 Toy oz; cor	478.6 8		Oct Dec Mar	74.00	73.70	74.80	73.80	Sep	305/6 316/0 ATTLE
473.0 478.7 484.2	478.6 8	478.5	Oct Dec Mar May Jul	74.00 71.82 72.85 73.55 73.60	73.70 71.14 72.35 72.85 73.10	74.80 72.30 73.40 74.06 74.35	73.80 71.15 72.17 72.70 73.15	LIVE C	305/6 316/0 ATTLE
473.0 478.7 484.2 Toy 62; cor Previous	478.5 6 hts/troy cz. 8 High/Lo	478.5	Oct Dec Mar May Jul Oct	74.00 71.82 72.85 73.55 73.60 69.75	73.70 71.14 72.35 72.85 73.10	74.80 72.30 73.40 74.06 74.35 0	73.80 71.15 72.17 72.70 73.15	LIVE C	316/0 316/0 ATTLE Close 78.86 78.16
473.0 478.7 484.2 roy oz; cor Previous 491.5 492.0	478.5 6 http://roy cz_ 8 High/Los 488.0 488.5	478.5 Q 488.0 488.5	Oct Dec Mar May Jul	74.00 71.82 72.85 73.55 73.60	73.70 71.14 72.35 72.85 73.10	74.80 72.30 73.40 74.06 74.35	73.80 71.15 72.17 72.70 73.15	UNE C	305/6 316/0 ATTLE Close 78.86 74.67
473.0 478.7 484.2 Toy oz; cor Previous 491.5 492.0 495.8	478.5 6 sta/troy cz. 8 High/Lo 486.0 488.5	478.5 Q W 488.0 488.5	Oct Dec Mar May Jul Oct	74.00 71.82 72.85 73.55 73.60 69.75	73.70 71.14 72.35 72.85 73.10	74.80 72.30 73.40 74.06 74.35 0	73.80 71.15 72.17 72.70 73.15	LIVE C	316/0 316/0 ATTLE Close 78.86 78.16
473.0 478.7 484.2 TOY 02; COT Previous 491.5 482.0 496.8 490.5	478.5 6 http://roy cz_ 8 High/Los 488.0 488.5	478.5 9 488.0 488.5 9	Oct Dec Mar May Jul Oct Dec	74.00 71.82 72.85 73.58 73.60 69.75 67.88	73.70 71.14 72.35 72.85 73.10	74.80 72.30 73.40 74.06 74.35 0 68.00	73.80 71.15 72.17 72.70 73.15 0 67.55	Oct Dec Feb Apr Jun Aug	305/6 316/0 2ATTLE Close 76.16 76.16 74.57 75.97 73.15 71.67
473.0 478.7 484.2 Toy oz; cor Previous 491.5 492.0 495.8	478.6 0 http://roy.oz. 8 High/Lo 488.5 0 489.0	478.5 Q W 488.0 488.5	Oct Dec Mar May Jul Oct Dec	74.00 71.82 72.85 73.55 73.60 69.75 67.88	73.70 71.14 72.35 72.85 73.10 69.25 67.75	74.80 72.30 73.40 74.06 74.35 0 66.00	73.80 71.15 72.17 72.70 73.15 0 67.65	Sep Disc LIVE ( Oct Desc Feb Apr Jun	305/6 316/0 2ATTLE Close 76.16 76.16 74.57 76.97 73.15
473.0 478.7 484.2 Previous 491.5 492.0 495.8 490.5 502.0 517.7	478.6 6 8 High/Lot 486.0 488.5 0 489.0 6 510.0 5117.0	478.5 0 488.0 488.5 0 509.5 509.5	Oct Dec Mar May Jul Oct Dec	Clone 74.00 71.82 72.85 73.55 73.60 69.75 67.88	73.70 71.14 72.35 72.85 73.10 69.25 67.76	74.80 72.30 73.40 74.06 74.35 0 68.00	73.80 71.15 72.17 72.70 73.15 0 67.65	Oct Dec Feb Apr Jun Aug Oct	305/6 316/0 2ATTLE Close 71L/16 76.16 74.57 76.27 73.15 71.67 71.70
473.0 478.7 484.2 Previous 491.5 492.0 495.8 496.5 502.0 510.3 517.7 526.2	478.6 6 High/Los 486.0 489.0 6 510.0	478.5 6 488.0 488.5 80.5 501.8 509.5 516.6	Oct Dec Mar May Jul Oct Dec	Clone 74.00 71.82 72.85 73.55 73.60 69.75 67.95 Close 135.10	73.70 71.14 72.36 72.86 73.10 69.25 67.76 E 15,000 Re Previous	74.80 72.30 73.40 74.06 74.35 0 68.00 High/Lo	73.80 71.15 72.17 72.70 73.15 0 67.55	Oct Dec Feb Apr Jun Aug Oct	305/6 316/0 Close 78.16 76.16 74.57 75.27 73.15 71.87 71.70
473.0 478.7 484.2 Toy 62; con Previous 491.5 492.0 495.6 496.5 502.0 510.3 517.7 528.2 638.1	478.6 6 8 High/Los 486.0 488.5 0 489.0 0 510.0 817.0 523.5	478.5 0 489.0 489.5 0 490.5 0 509.5 510.6 0	Oct Dec Mar May Jul Oct Dec	74.00 71.82 72.85 73.59 73.60 69.75 67.88 69.88 69.85 67.86	73.70 71.14 72.35 72.85 73.10 69.25 67.76	74.80 72.30 73.40 74.06 74.35 0 68.00 High/Lo 137.00 132.70	73.80 71.15 72.17 72.70 73.15 0 67.65	Oct Dec Feb Apr Jun Aug Oct	305/6 318/0 24TTLE Close 78.16 74.67 75.97 73.15 71.70 1008 30 Close
473.0 478.7 484.2 Previous 491.5 492.0 495.8 496.5 502.0 510.3 517.7 526.2	478.6 6 8 High/Lot 486.0 488.5 0 489.0 6 510.0 5117.0	478.5 6 488.0 488.5 80.5 501.8 509.5 516.6	Oct Dec Mar May Jul Oct Dec	Close 74.00 71.82 72.85 73.50 69.75 67.88 Close 135.10 131.50 131.50 131.50 131.50	73.70 71.14 72.36 72.36 72.10 82.25 87.76 I 15,000 Re Previous 138.75 132.20 132.75	74.80 72.30 73.40 74.06 74.35 0 68.00 High/Lo 137.00 132.80 132.10	73.80 71.15 72.17 72.17 73.15 0 67.65	Sep Disc LIVE (  Oct Dec Feb Apr Jun Aug Oct	305/6 318/0 24TTLE Close 78,16 74,57 75,97 73,15 71,87 71,70 10Q8 30 Close 54,80
473.0 478.7 484.2 Toy 62; con Previous 491.5 492.0 495.6 496.5 502.0 510.3 517.7 528.2 638.1	478.6 6 8 High/Los 486.0 488.5 0 489.0 0 510.0 817.0 523.5	478.5 0 489.0 489.5 0 490.5 0 509.5 510.6 0	Ort Dec Mar Mey Jul Oct Dec ORAJ Nov Jen Mar	Clone 74.00 71.82 72.85 73.50 69.75 67.88  63E JUICI Close 135.10 130.89 131.60	73.70 71.14 72.36 72.36 73.10 89.25 87.75 I 15,000 lbs Previous 136.75 132.20 132.75	74.80 72.30 73.40 74.06 74.35 0 68.00 High/Lo 137.00 132.70	73.80 71.15 72.17 72.70 73.15 0 67.55	Oct Dec Apr Jun Oct LIVE I	305/6 318/0 ATTLE Close 78.16 74.67 76.16 74.67 71.87 71.70 10-08 30 Close 54.80 82.62
473.0 478.2 484.2 roy oz; cor Previous 491.5 492.0 495.5 502.0 510.3 517.7 525.2 533.1 544.4	478.5 6 8 11a/troy cz. 5 High/Lo 488.5 0 489.0 0 810.0 811.0 811.0 523.5 0 540.0	478.5 6 488.0 488.5 60.5 501.8 509.5 516.6 0 835.0	Oct. Dec. May Jul Oct. Dec. ORAJ Nov Jan Mar May	Close 74.00 71.82 72.85 73.50 69.75 67.88 Close 135.10 131.50 131.50 131.50 131.50	73.70 71.14 72.36 72.36 72.10 82.25 87.76 I 15,000 Re Previous 138.75 132.20 132.75	74.80 72.30 73.40 74.06 74.35 0 68.00 High/Lo 137.00 132.80 132.10	73.80 71.15 72.17 72.17 73.15 0 67.65	Sep Disc LIVE (  Oct Dec Feb Apr Jun Aug Oct	305/6 318/0 318/0 318/0 78.05 78.05 78.05 71.67 71.67 71.70 60-28 30 61.80 82.82 49.90
473.0 478.2 484.2 roy oz; cor Previous 491.5 492.0 495.5 502.0 510.3 517.7 525.2 533.1 544.4	478.6 6 8 High/Los 486.0 488.5 0 489.0 0 510.0 817.0 523.5	478.5 6 488.0 488.5 60.5 501.8 509.5 516.6 0 835.0	Oct Dec Mar Mar Jul Oct Dec ORAJ Nov Jan Mar May Jul	74.00 74.00 71.82 72.82 73.50 73.50 69.75 67.88 60E JURCI Close 136.10 130.60 131.60 131.50	73.70 71.14 72.36 72.36 72.10 82.25 87.76 I 15,000 Re Previous 138.75 132.20 132.75	74.80 72.30 73.40 74.06 74.35 0 68.00 High/Lo 137.00 132.80 132.10	73.80 71.15 72.17 72.17 73.15 0 67.65	Oct Dec Feb Apr Oct LIVE I	305/6 318/0 ATTLE Close 78.16 74.67 76.16 74.67 71.87 71.70 10-08 30 Close 54.80 82.62
473.0 478.2 484.2 roy oz; cor Previous 491.5 492.0 495.5 502.0 510.3 517.7 525.2 533.1 544.4	478.5 6  http://roy.cz. http://roy.c	478.5 6 488.0 488.5 60.5 501.8 509.5 516.6 0 835.0	Oct Dec Mar May Jul Nov Jen Mar May Jul	Close 74.00 71.82 72.85 73.58 73.58 73.58 69.75 67.88 60E SURCI Close 135.10 130.80 131.50	73.70 71.14 72.35 72.35 73.10 69.25 67.75 E 15,000 Eu Previous 132.75 132.20 132.75 132.50	74.80 72.30 73.40 74.06 74.35 0 68.00 137.00 132.81 132.81 132.50 132.50	73.80 71,16 72,17 72,70 73.15 0 67.55	Oct Dec Feb Apr Jun Oct LINE Oct Dec Feb Apr Jun Oct LINE I I I I I I I I I I I I I I I I I I	305/6 318/0 2ATTLE Close 78.16 76.16 74.57 71.57 71.70 Close 54.80 46.80 50.82 50.82
473.0 478.2 484.2 roy oz; cor Previous 491.5 492.0 495.5 502.0 510.3 517.7 525.2 533.1 544.4	478.5 6  sta/troy oz. 5  hight/Lo 486.0 486.0 486.0 50.0 510.0 510.0 523.5 0 540.0	478.5 9 488.5 0 488.5 0 501.5 508.5 516.6 0 535.0	Oct Dec Mar May Jul Nov Jen Mar May Jul	Close 74.00 71.82 72.85 73.58 73.58 73.58 69.75 67.88 60E SURCI Close 135.10 130.80 131.50	73.70 71.14 72.36 72.36 72.10 82.25 87.76 I 15,000 Re Previous 138.75 132.20 132.75	74.80 72.30 73.40 74.06 74.35 0 68.00 137.00 132.81 132.81 132.50 132.50	73.80 71,16 72,17 72,70 73.15 0 67.55	Oct Dec Feb Oct LIVE (  Oct Dec Feb Oct LIVE I  Oct Dec Feb Apr Aug Oct LIVE I  Aug	305/6 318/0 2ATTLE Close 78.16 78.16 74.57 75.97 73.15 71.97 71.70 10.28 30 Close 54.80 82.82 48.90 46.90 50.85 60.82 48.25
473.0 478.2 484.2 Toy oz; cor Previous 491.5 492.0 495.0 502.0 510.3 517.7 525.2 533.1 544.4	478.5 6  tis/troy oz. 5 tis/troy oz. 6 tis/troy oz.	478.5 6 488.0 488.5 60.5 501.8 509.5 516.6 0 835.0	Oct Dec Mar May Jul Nov Jen Mar May Jul	Close 74.00 71.82 72.85 73.58 73.58 73.58 67.85 67.88 60E JURCI Close 135.10 130.80 131.80 131.80 131.80	73.70 71.14 72.35 72.85 73.10 60.25 67.75 II 15.000 Ex Previous 132.75 132.20 132.50 132.50	74.80 72.30 73.40 74.06 74.05 0 68.00 130.00 130.00 130.00 130.00 130.00 130.00 130.00 130.00 130.00 130.00	73.80 71.15 72.17 72.70 73.15 0 67.55	Oct Dec Feb Apr Jun Oct LINE (	308/6 318/0 2ATTLE Close 78.16 74.57 78.15 71.57 71.57 71.70 40.28 32.82 49.90 50.85 60.85 60.85 44.90
473.0 478.2 484.2 709 00; con Previous 491.5 492.6 492.6 492.6 502.0 510.3 517.7 525.2 533.1 544.4 20PPER 22 Previous 128.40 124.45 120.75	478.5 6 8 High/Loy cz. 8 High/Lo 488.5 0 9 549.0 552.5 0 540.0 1bs; cs 8 High/Lo 128.50 0 128.50 0 128.50 0 128.50 0 128.50 0 128.50 0 128.50 0 128.50 0 1	478.5 0 498.0 498.5 0 490.5 509.5 511.8 509.5 516.6 0 535.0	Oct Dec Mar May Jul Nov Jen Mar May Jul	Close 74.00 71.82 72.85 73.58 73.58 73.58 67.88 60E JURC Close 135.10 130.80 131.80 131.80 131.80 Sep 2	73.70 71.14 72.35 72.95 72.95 72.95 82.25 87.75 87.75 87.75 132.20 132.75 132.20 132.50 132.50	74.80 72.30 73.40 74.06 74.05 74.25 0 68.00 132.80 132.70 132.70 132.70 132.70	73.80 71.16 72.17 72.70 73.15 0 67.55	Oct Dec Feb Apr Jun Oct LINE (	308/6 318/0 2ATTLE Close 78.16 74.57 78.15 71.57 71.57 71.70 40.28 32.82 49.90 50.85 60.85 60.85 44.90
473.0 473.0 474.2 484.2 roy oc; corr Previous 491.5 492.0 495.5 502.0 510.3 517.7 526.2 933.1 544.4 COPPER 22 Previous 124.45 120.75 118.05	478.5 6 10/100 GZ. 6 Hight/Los 486.5 9 486.5 0 510.0 B10.0 B11.0 S23.5 0 540.0 T23.50 123.90 0 116.20	478.5 0 489.5 0 489.5 0 509.5 516.5 0 835.0 122.65 0 112.65	Oct Dec May Jul Nov Jun May Jul RES	Close 74.00 71.82 72.85 73.58 73.58 73.58 67.88 602 SURCI Close 135.10 130.80 131.80 131.50 131.50 131.73 131.73	73.70 71.14 72.35 72.95 72.95 89.25 87.75 87.75 87.75 132.75 132.75 132.50 132.50 132.50	74.90 72.30 73.40 74.06 74.05 74.25 0 68.00 132.80 132.80 132.70 132.70 132.70 132.70 132.70 132.70	73.80 71.15 72.17 72.70 73.15 0 67.55	Oct Dec Feb Apr Jun Oct LINE (	318/0 318/0 2ATTLE Close 78.16 74.57 75.97 73.15 71.57 71.70 Close 54.80 52.82 49.90 50.85 60.82 49.90 50.85 60.82
473.0 478.2 484.2 109 02; cor Previous 491.5 492.0 495.5 502.0 510.3 517.7 521.2 533.1 544.4 COPPER 22 Previous 128.40 124.45 120.75 118.25	478.5 6  1498.0 488.5 0  489.0 0  510.0 184.5 0  523.5 0  540.0 184; ci  123.50 0  123.50 0  118.20 0	478.5 0 488.5 0 488.5 0 508.5 516.6 0 838.0 128.50 112.65 0 113.60	Oct Dec May Jul Nov Jun May Jul RES	Close 74.00 71.82 72.85 73.58 73.58 73.58 67.88 602 SURCI Close 135.10 130.80 131.80 131.50 131.50 131.73 131.73	73.70 71.14 72.35 72.95 72.95 72.95 82.25 87.75 87.75 87.75 132.20 132.75 132.20 132.50 132.50	74.90 72.30 73.40 74.06 74.05 74.25 0 68.00 132.80 132.80 132.70 132.70 132.70 132.70 132.70 132.70	73.80 71.15 72.17 72.70 73.15 0 67.55	Oct Dec Feb Apr Jun Oct Dec Feb Apr Aug Oct Dec Feb Apr Aug Oct Dec Feb Apr Apr Aug Oct Dec Feb Apr Apr Aug Oct PORK	318/0 318/0 2ATTLE Close 78.16 74.57 71.57 71.57 71.57 60.08 82.62 49.90 50.65 60.62 49.20 60.62
473.0 473.0 474.2 484.2 Previous 491.5 492.0 492.0 492.0 492.0 510.3 517.7 525.2 533.1 544.4 Previous 124.45 120.75 118.05 118.05 118.05	478.5 6 149.0 oc. 1 149.0 oc.	478.5 0 489.0 489.5 0 509.5 516.6 0 835.0 835.0 122.65 0 113.60	Oct Dec May Jul Nov Jun May Jul RES	Close 74.00 71.82 72.85 73.58 73.58 73.58 67.88 60E JURCI Close 135.10 130.80 131.80 131.80 131.80 131.80 131.80 131.80 131.80	73.70 71.14 72.35 72.85 72.85 73.10 60.25 67.75  I 15.000 Eu Previous 132.75 132.20 132.75 132.50 132.50 132.50 175.75	74.80 72.30 73.40 74.06 74.05 74.25 0 68.00 132.80 132.80 132.70 132.70 132.70 132.70 132.70 132.70 132.70	73.80 71.15 72.17 72.70 73.15 0 67.55	Sep Due LINE ( Oct Dec Feb Apr Jun Oct LINE   Oct LINE   Oct Line   Oct Line   Feb Apr Jun Jun Oct   Feb Apr Jun Jun Jun Iun Jun Iun Jun Iun Jun Iun Jun Iun Iun Jun Iun Iun Iun Iun Iun Iun Iun Iun Iun I	305/6 318/0 2ATTLE Close 78.16 76.16 74.57 71.70 1008 30 Close 54.80 49.90 48.90 50.85 60.82 49.90 48.90 50.85 50.82
473.0 478.2 484.2 109 02; cor Previous 491.5 492.0 495.5 502.0 510.3 517.7 521.2 533.1 544.4 COPPER 22 Previous 128.40 124.45 120.75 118.25	478.5 6  1498.0 488.5 0  489.0 0  510.0 184.5 0  523.5 0  540.0 184; ci  123.50 0  123.50 0  118.20 0	478.5 9 488.0 488.5 0 508.5 518.5 0 508.5 518.5 0 535.0	Oct Dec Mar Mey Jul Oct Dec ORAM	Close 74.00 71.82 72.85 73.58 73.58 73.58 67.85 67.88 60E JURCI Close 135.10 130.80 131.50 131.50 4023 FERS (Ba	73.70 71.14 72.35 72.95 72.95 72.95 72.95 72.95 72.95 72.95 72.95 82.25 87.75 81.5.000 Eu Previous 132.75 132.20 132.75 132.50 132.50 132.50 132.50 132.50 132.50	74.90 72.30 73.40 74.06 74.05 74.05 0 68.00 132.90 132.90 132.90 132.70 132.70 132.70 132.70 132.70 132.70 132.70	73.80 71.15 72.17 72.70 73.15 0 67.55  134.70 130.50 131.50 131.30 131.30 131.30 137.37 182.00 137.30 1874.7	Sep Disc LIVE ( Oct Dec Feb Apr Jun Oct Disc Feb Apr Jun Jun Jun Jun Jun Jun Jun Jun Jun Jun	318/0 318/0 24TTLE Closs 78.16 74.57 71.67 71.67 71.67 71.67 71.67 71.67 64.80 82.82 49.25 49.25 49.25 49.25 49.25 66.62
473.0 473.0 474.2 484.2 Previous 491.5 492.0 492.0 492.5 502.0 510.3 517.7 528.2 533.1 544.4 COPPER 22 Previous 128.40 124.45 120.75 118.05 118.05 111.90 110.90 100.40	478.5 6  100/100/100/100/100/100/100/100/100/10	478.5 0 489.0 489.5 0 509.5 510.5 0 835.0 122.65 0 111.60 0 109.40	Oct Dec Mar May Jul Nov Jan RES	Close 74.00 71.82 72.85 73.55 73.55 73.56 73.56 73.56 73.56 73.57 67.88  EGE JURCI Close 136.10 130.80 131.50 131.50 131.50 131.50 131.50 131.50 131.50 131.50 131.50 131.50	73.70 71.14 77.285 73.10 69.25 67.76  E 15,000 Ru Previous 138.75 132.75 132.50 132.75 132.50 132.75 132.50 132.75 132.50	74.80 72.30 73.40 74.05 75 75 75 75 75 75 75 75 75 75 75 75 75	73.80 71.16 72.17 72.70 73.15 0 67.65  134.70 130.50 191.50 191.50 191.50 191.50 191.50 191.50 192.00 131.80	Sep Due LINE ( Oct Dec Feb Apr Jun Oct LINE   Oct LINE   Oct Line   Oct Line   Feb Apr Jun Jun Oct   Feb Apr Jun Jun Jun Iun Jun Iun Jun Iun Jun Iun Jun Iun Iun Jun Iun Iun Iun Iun Iun Iun Iun Iun Iun I	318/0 318/0 2ATTLE Close 78.16 74.57 71.57 71.57 71.57 71.57 60.88 30 64.89 50.85 60.82 49.80 50.85 60.82 49.80 50.85 60.82 50.82 50.85 60.82 50.85 60.82 50.85 60.82 50.85 60.82 60
473.0 478.2 484.2 494.5 492.5 492.5 502.0 510.3 517.7 525.2 533.1 544.4 COPPER 2 Provious 124.45 120.75 118.05 119.05 111.05	478.5 6  149.0 488.5 0  488.0 488.5 0  5000 fbs; ca  129.50  129.50  129.50  129.50  112.90  0  102.00	478.5 0 488.0 488.5 0 821.3 508.5 516.5 0 835.0 128.50 111.80 0 111.80 0	Oct Dec Mar May Jul Nov Jan RES	Close 74.00 71.82 72.85 73.58 73.58 73.58 67.85 67.88 60E JURCI Close 135.10 130.80 131.50 131.50 4023 FERS (Ba	73.70 71.14 77.285 73.10 69.25 67.76  E 15,000 Ru Previous 138.75 132.75 132.50 132.75 132.50 132.75 132.50 132.75 132.50	74.90 72.30 73.40 74.06 74.05 74.05 0 68.00 132.90 132.90 132.90 132.70 132.70 132.70 132.70 132.70 132.70 132.70	73.80 71.15 72.17 72.70 73.15 0 67.55  134.70 130.50 131.50 131.30 131.30 131.30 137.37 182.00 137.30 1874.7	Oct Dec Feb Apr Jun Aug Oct Dec Feb Apr Jun Jun Aug Oct PORK	318/0 318/0 24TTLE Closs 78.16 74.57 71.67 71.67 71.67 71.67 71.67 71.67 64.80 82.82 49.25 49.25 49.25 49.25 49.25 66.62
473.0 473.0 474.2 484.2 Previous 491.5 492.0 492.0 492.5 502.0 510.3 517.7 528.2 533.1 544.4 COPPER 22 Previous 128.40 124.45 120.75 118.05 118.05 111.90 110.90 100.40	478.5 6  100/100/100/100/100/100/100/100/100/10	478.5 0 489.0 489.5 0 509.5 510.5 0 835.0 122.65 0 111.60 0 109.40	Oct Dec Mar May Jul Nov Jan RES	Close 74.00 71.82 72.85 73.55 73.55 73.56 73.56 73.56 73.56 73.57 67.88  EGE JURCI Close 136.10 130.80 131.50 131.50 131.50 131.50 131.50 131.50 131.50 131.50 131.50 131.50	73.70 71.14 77.285 73.10 69.25 67.76  E 15,000 Ru Previous 138.75 132.75 132.50 132.75 132.50 132.75 132.50 132.75 132.50	74.80 72.30 73.40 74.05 75 75 75 75 75 75 75 75 75 75 75 75 75	73.80 71.16 72.17 72.70 73.15 0 67.65  134.70 130.50 191.50 191.50 191.50 191.50 191.50 191.50 192.00 131.80	Oct Dec Feb Apr Jun Jul Aug Oct Dec Feb Apr Jun Aug Oct Live I Feb Apr Jun	318/0 318/0 318/0 2ATTLE Ciose 78.16 76.16 74.57 71.57 71.70 1008 30 Ciose 64.80 82.82 49.90 48.90 50.85 60.82 49.90 61.90 50.85 60.82 56.52 56.52 56.52 57.40

	Close	Previous	High/Low			
Nov	617/4	613/4	619/4	614/4		
Jan Mar	632/0 644/6	628/0 641/0	633/4 646/4	829/0 841/4		
Sec.	859/4 861/0	649/4 856/0	655/0 663/2	651/0 858/4		
Jul Aig	657/0	652/0	658/0	655/0		
Sep Nov	635/Ó 626/6	629/0 623/6	636/0	635/0		
	Nov 626/6 623/6 627/0 624/4 SOYABEAN OIL 60,000 Pbs; cents/lb					
BUTA	Close	Previous	High/Low			
Oct	23.59	23.42	29.75	23.45		
Dec	23.78	23.63	23.93	29.64		
Jen Mer	24.28	89.15	24.16 24.40	23.89 \$4.18		
May Jul	24.45	24.40 24.45	24.62 24.58	24,40		
Aug	24.35	24.25	24.45	0 24,35		
Sep	24.20	24.12	24.20	24.20		
3078		100 tone				
	Close	Previous	High/Low			
Oct Dec	176.5 181.5	176.6 180.6	178.0 182.9	176.2 701.0		
Jen	188.5 186.7	182.8 165.7	184.8	163.0		
May	188.0	187.1	187.7 188.8	185.9 187.5		
Jul Aug	189.5 188.5	188.7 157.5	190.0	189.0		
Sep	1000	187.1	190.0 189.0	188.5 188.0		
Oct	YULS	186.0	187.0	180.0		
MAG	E 5,000 by	min; centa/5	6th bushed			
	Close	Previous	High/Low			
Dec Mar	227/6 237/2	228/5 238/0	230/0 238/2	226/6		
May	243/2	244/2	245/2	298/4 242/4		
Ali Sep	247/0 244/4	247 <i>1</i> 2 244/4	249/0 245/4	246/4		
Contract of	245/4	245/2	246/8	244/0 245/2		
Mar	252/4	250/G min; cents/	253/0	250/2		
		I TURNE COLUMN	Marie Landson			
Dec	Ciose	Previous	High/Low			
Esc Mar	274/6 289/4	275/2 299/2	High/Low 277/6 291/4	274/2 287/6		
Mar May	274/6	Previous 275/2 299/2 297/2	High/Low 277/6 291/4 298/4	287/6 295/6		
Mar May All Sen	274/6 289/4 296/0 301/2 305/6	Previous 275/2 289/2 297/2 303/0 307/0	High/Low 277/6 291/4 299/4 299/4 309/0	287/6 295/6 300/6 306/4		
Mar May All Sep Dec	274/6 269/4 296/0 301/2 305/6 316/0	Previous 275/2 289/2 287/2 303/0 307/0 317/0	High/Low 277/6 291/4 298/4 204/5 308/0 317/0	287/6 295/6 300/8		
Mar May All Sep Dec	Close 274/6 289/4 296/0 301/2 305/6 318/0 CATTLE 40	275/2 289/2 297/2 303/0 307/0 317/0	High/Low 277/8 291/4 299/4 1904/5 309/0 317/0 min/fos	287/6 295/6 300/6 306/4		
Mar May All Sep Dec	274/6 269/4 296/0 301/2 305/6 316/0	Previous 275/2 289/2 287/2 303/0 307/0 317/0	High/Low 277/6 291/4 299/4 209/4 309/0 317/0 High/Low	287/6 285/6 300/6 305/4 216/0		
Mar May All Sep Dec LIVE (	Close 274/6 269/4 296/0 301/2 305/6 316/0 CATTLE 40 Close 78.16	Previous 275/2 289/2 289/2 363/0 307/0 317/0 0,000 fbs; cer Previous 79.25 76.72	277/6 291/4 294/4 294/4 309/0 317/0 tta/bs High/Low 79.57 77.02	287/6 295/6 300/6 306/4		
Mar May All Sap Disc LIVE ( Oct Dec Feb Apr	Close 274/6 289/4 289/4 296/6 301/2 305/6 318/0 CATTLE 40 Close 78.16 74.15 74.15 75.57	Previous 275/2 289/2 297/2 393/0 307/0 317/0 0,000 lbs; cer Previous 79.25	High/Low 277/8 291/4 299/4 104/5 308/0 317/0 tar/bs High/Low 79.37 77.42 76.32	297/8 295/6 300/8 306/4 216/0 78.50 76.12 74.52		
Mer May All Sep Disc LIVE ( Dec Feb Apr Jun	Close 274/6 289/4 295/0 301/2 305/6 318/0 CATTLE 40 Close 78.16 74.57 75.27 73.15	Previous 275/2 289/2 289/2 303/0 307/0 307/0 0,000 lbs; cer Previous 79.25 76.07 75.57 73.37	High/Low 277/6 291/4 299/4 309/0 309/0 309/0 101/10	287/6 285/6 300/6 306/4 316/0 78.50 78.12 74.52 75.25 73.10		
Mer May Jul Sep Dec LIVE ( Dec Feb Apr Jun Aug Oct	Close 274/6 289/4 296/0 301/2 305/6 316/0 CATTLE 40 Close 78.16 74.16 74.16 74.17 75.17 71.97 71.70	Previous 275/2 289/2 289/2 289/2 307/0 317/0 317/0 0,000 fbs; cer Previous 78.25 76.72 75.97 73.37 71.70 PT.172	##gh/Low 277/6 291/4 298/4 104/6 309/0 317/0 11/0 11/0 11/0 11/0 17/0 17/0 17/0	287/6 295/6 300/8 306/4 316/0 76.50 76.12 74.52 75.25 73.10 71.67		
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# Weak oil stocks restrain equity rally

A SOMEWHAT less dramatic performance by crude oil prices yesterday helped the UK stock market rally from the setback of the previous ses-sion. Some cautious bargain hunting by institutions took the PT-SE Index above the FT-SE Index above 2,000 again in early trading, although the market slipped

hack before the close.

London brushed off the sharp falls in New York and Tokyo equities overnight, preferring to focus on the confi-dent comments on the UK's August trade figures from Mr John Major, the UK chancellor of the exchequer.

Comment on Monday's sell-off in equities from the

Account Dealing Dates				
First Destings: Sep 10	Sep 24	Oct 8		
Option Decigrat Sep 20	Oet 4	Oct 16		
Sep 21	Oct 5	Oct 19		
Account Day: Oct 1	Oct 15	Oct 29		

City of London was also favourable, with several sources lending cautions endorsement to the view of County NatWest, the market-

making firm, that UK equities presented a strong buying opportunity at current levels.

Turnover remained moderate, however, and an early gain

of 15 points in the Footsie, taking it to above 2,005, owed much to bear operations by traders who, having undertaken selling commitments on Monday, were under orders to buy any necessary stock with-out delay; marketmakers are unwilling to carry open posi-tions in volatile markets.

The market peaked early, and leading indices were soon adversely affected by a sharp downturn in leading oil shares as some influential UK securities houses advised institutional clients to reduce portfo-lios in this sector. The FT-SE Index moved into negative territory at mid-session.

London sensed a firm open-

FT-A All-Strare Index

ing on Wall Street and rallied in the early afternoon. After sitating as New York came in more slowly than expected, the UK market steaded further in late trading. The final reading showed the FT-SE Index at 1,999.2, up 8.9 on the day, with traders commenting that but for the weakness in oil stocks, the index would have shown a gain of around 14 points.

Seaq volume slipped to 412,4m shares from Monday's 500.3m. Detailed turnover statistics from the International line the view that investment institutions have become marginally more active in equities. Daily retail business crept

might be induced to pay a

touch more, one analyst

doubted whether any other

party was seriously interested in counter-bidding. Severn was not allowed to buy Caird

shares yesterday because the

price had moved beyond its bid

price. The company announced that it now holds 24.6 per cent

A 36 per cent drop to £97.8m

in Tarmac half-year profits was well received initially, coming towards the top end of market expectations in a sector already badly hit by the economic slowdown. A closer look at the numbers brought the share price back from its high

share price back from its high of the day to finish at 195p, up

ust a penny. Turnover was

brisk, with 6m shares changing

on Tarmac's exposure to the UK sector, where 85 per cent of profits are generated. Analysis

expressed concern at the poor state of the housing sector, with operating profits falling to

£34.1m from £78.1m. BZW

revised its annual forecast to

2220m, while Mr Donald Ander-

son at Hoars Govett projected

Steetley moved 3 firmer to

depressed sector marely to maintain growth in profits helped Taylor Woodrow earn a

recommendation as underval-

ned from Hoare Govett. But

the investment house still

downgraded its profits forecast for the full year by £12m to

£88m, and the price eased 3 to

moved up 9 to 480p ahead of tomorrow's release of interim figures. Shearson Lehman

a brighter note, Redland

The change of heart centred

of Caird.

hands.

higher towards the end of last week, although it remained below the fibn mark seen as both desirable and profitable

both desirable and profitable by the marketmakers.

The corporate scene remains as dark as ever, with the let-sure sector in the firing line after several leading analysts downgraded views of Granada, the television group. A heavy fall in interim profits at Tar-mac, the construction commac, the construction company, did little to lift the gloom overhanging the industry. However, some experienced traders pointed with satisfaction to a modest revival of takeover activity, always regarded as an optimistic sign

for the equity market. the afternoon to close 15 higher at 598p, after 600p, Turnover was 1.8m shares. British Telecom was said to have suffered yet more profits downgrades and the shares eased 11/4 more to 2571/p, while talk of imminent cuts in esti-mates left Cable and Wireless 11 off at 4050 after 3.9m shares

The County NatWest and Salomon Brothers recommendations helped GEC move ahead 5 to 181p; turnover increased sharply to 6.7m

Amstrad, due to report preiminary figures early next month, eased 2 to 49p, with heavy activity – including a cross of 3.5m shares – boost-

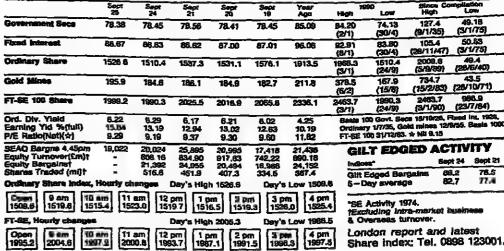
ing turnover to 8.2m. Fears of a supermarket price war left Sainsbury 4 off at 290p and Tesco 6 lower at 218p. Analysts said there would be some limited price cuts but that this was usual in the autumn.

A sell note from BZW on Storeigner left the shares 4 off at one point before closing at 126p, down 2 on the day. Ms Louise Hough at RZW said that management had sorted out the balance sheet but had not yet persuaded customers back into the shops. Eatners continued to benefit

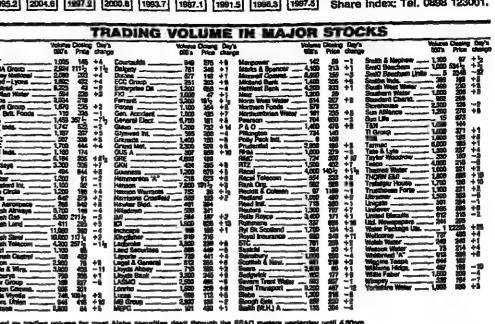
from a buy note issued early in the week by S.G. Warburg. The shares firmed 2 to 217p.

The bleak outlook for the advertising industry in the wake of the UK Government's

apparent determination to keep interest rates high hit WPP. The shares fell below 14 at one point before recovering to 415p, down 29 on the day. There were also worries over news that NatWest Bank was reviewing its advertising con-



FINANCIAL TIMES STOCK INDICES



rities dealt through the SSAC system :

tracts; £18m, out of £28m worth, are with JWT, owned by

Cookson continued to recover health, aided by specu-lation that the group could be vulnerable to a predator. Vol-ume was a ressonable 2.8m shares and the price, 48p at one stage last week, picked up 5 further to 84p.

of June, showing a profits rise to \$23m from £15.7m, and the

Ipeco was up 4 to 57p after reporting a rise in half-year profits to £1.95m from £1.2m. The market was unimpreased by Folkes' profits improvement to £1.3m from £1.1m and the shares edged up

only a penny to 59p.

British Steel firmed 1% to 117%p on a heavy 10m turnover on the back of a small presentation the previous day and the end of months of uncertainty over a potential deal with Aristrain, the Span-

ish steel producer.

British Aerospace rallied 8 to 542p on slender buying, after some selling the previous day prompted by the dividend

its holding to 24.5m - an 18 per cent stake. BAA receded 7% to 367%p. It was felt that ADT had sold BAA stock to finance the purchases of LEP.

Tiphook dropped 21 to 348p. as sellers moved in with no backing from buyers.

acquired 4.3m shares, taking

PFG Hodgson Kenyon, which claims to be the UK's largest funeral director, fell 13 to 137p after the interim results; profits from the monu-mental division were particu-larly disappointing. Goods Durrant lost 9 to 90p on the warning that profits were unlikely to match last year.

\$1.80 \$2.70 \$1.10 \$2.06

42c 85c 51.16

CANADIANS

759peBrascani
60 40peBrascani
759peBrascani
750peBrascani

# Heavy turnover in Shell

THE ERRATIC performance of crude oil prices yesterday -November Brent dipped sharply during the afternoon was accompanied by an uneven showing by oil shares. Shell Transport was notably weak, falling 12 to 467p on substantially increased turnover of 9.32m shares. The drop came after Kleinwort Benson Securities advised clients to reduce holdings in the stock.

Mr Philip Lambert at Kleinwort said that while still believing there would be a mil-itary conflict in the Gulf which he said should give a last spike in all prices - Klein-wort considered it prudent for institutions to "slim down their all portfolios, particularly for Shell, which has outperformed the market by 30 per cent since the invasion of

He commented that Shell now shows its lowest yield rel-ative to the market since 1979, and is the least geared to crude prices of the major oil compa-nies. Kleinwort remained posi-

tive on BP, down 4 at 350p on turnover of 11m, and Lamo, which dipped 9 to 458p on 2.5m. Premier Consolidated, where a 135m-share stake held by Elelmont is overlangue; the Kleinwort is overlanging the market, moved up 5% to 87%p amid stories that an institution had placed a buying order for

Richmond Oil and Gas dropped 11 to 130p after the proposed 231m rights issue to help fund the US acquisitions.

# Gas downgraded

A more bearish stance on British Gas by BZW, the investment bank, lowered the shares 5 to 211½p on turnover of 5.9m. BZW's Mr James Henderson said it was quite likely that he would lop some £30m off the BZW forecast for the year to March 1991, which cur-rently stands at £1.25m, a fig-ure pencilled in some two months ago. Mr Henderson said Gas had not taken the opportunity to

increase absolute gas prices, and he thought it unlikely that the group would move to raise Prices for the rest of the year.

"Gas shares have already outperformed the market by 15
per cent since Angust 1; there is now not much scope for more," said Mr Henderson.

#### Granada suffers Granada fell again as Hoare

Govett, the company's broker, joined other securities houses in cutting profit forecasts.

Hoare now says the company will make £121m both this year and next, down \$10m and \$24m respectively. Granada's year runs until the end of September. The shares lost \$ to 150p as 1.4m changed hands. Mr Andrew Hunter at Hoars said that turnover would be flat while costs grew with

inflation. The company was also suffering from the slowdown in advertising revenue. The weakness in the sector would run until the third quarter of 1991 at the earliest. Mr Hunter said that that coincided with Granada's last quarter of its 1991 financial year and was cutting it fine, given the uncer-tain economic climate. He forecast that the company's divi-

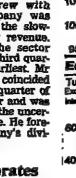
#### Kwik-Fit celebrates

Automotive parts specialist Kwik-Fit celebrated higher interim profits with its best gain for many months. The shares, which have recently been bumping along at the lowest level of the year, moved 11 ahead to 69p, encouraged initially by the unexpected rise in mid-term profitability to

£10m, from £9.6m. more impressive when viewed against this year's backcloth of reduced consumer spending in the UK, said analysts, who raised their profits estimates for the full year. Mr Rob Gold-ing of S.G. Warburg described

#### Opposite directions

The decision by the UK Gov-ernment not to refer the pro-posed £290m agreed takeover by Booker of fellow food ser-vices group Fitch Lovell to the Monopolies and Mergers Com-Some 5m Booker shares were

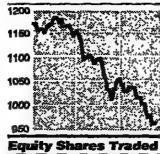


The improvement was even ing of S.G. warbing described the results as "surprisingly good," and now expects annual profits of £16m, up from £13m, and earnings per share of 6.5p.

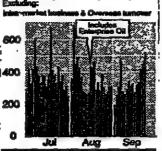
pission sent the two compa nies' shares in opposite direc-tions. Fitch climbed 17 to 278p. just over the 286.5p value of the mixed paper and cash offer with Booker down 5 at 389p. A cash alternative of 298.6p had already closed. Booker aiready spoke for more than 90 per cent of Fitch before yesterday's

then sold to institutions at

NEW MORES (4).
BRETIENT FLENCE (3) OILS (1).
BRETIENT FLENCE (3) OILS (1).
BRETIENT STORES (20).
ANDERCAME (20). CAMADIAINS (4) SANKS
(20). SUIL DRICES (19). CHEMICALS (17).
STORES FO, ELECTROLLS (48).
BRIGHERRING (20). FOODS (7) BROUSTRIALS
(30). AND LAVE AS P. Angle INC. ATROLT
THE, ARROLL BITE, POTE, AVOIR RUBBER, BEAT (What, Barry Waternfler, Bliant
(1).), Erticol, Brites, Breta, Brites, Brown
à Teuse, Bullers, Bret. Tech. Grp., CMB
PESL, Cathay Picc., Charlet Cons.,
Chtestragian Grp., Christies Int., Claylithes,
Cough, Dinkle Heel, Dyson (1 & J.). "A".
CRES, Erdiche Hise, Grp., French (1-). Goode
Durrant, Grennplan, Grannela, Do. 7 12pc
Not Cv., Green (E.) & Part, Heistund.



Tumover by volume (million)



885p in a joint operation by Booker's brokers, UBS Phillips & Drew and Cazenove. The sellers were sub-under-writers of the offer who had taken Booker shares from Fitch shareholders accepting the cash offer. The underwrit-

the cash offer. The underwriting price was 410p.

Mr Mark Duffy of S.G. Warburg issued a buy note on Booker soon after the government announcement. He said that the deal would raise Booker's earnings per share and make the company "a more focused business."

Caird captured attention as the shares moved above the Water. Although business was not particularly brisk, the shares rose 4 to 105p, prompting speculation of counters to Severn's bid of 100p a share. Among suggested predators were other water companies, a leading UK conglomerate and a US group.

decent-sized US arbitrage order in Caird shares at 102p initiated yesterday's excitement, drawing in short-term profescional operators, who chased the price higher. While agreeing that Severn

**NEW HIGHS AND LOWS FOR 1990** 

Chrm., Johnson Matthey, Jourdan (T.),
Liteshall, Lincet Grp., Low & Boner, Lywe,
Masson, Min. & Ass., Spec. Margen Crack
Mac. Nestor-BNA. Norfolk Hes., Orflame,
PFG Hodgson Kenyon, Polyment, Portmorte
Pots., Fowell Duffryn, Protess Inst., Record,
Rauters, St. Gobain, Sec. Grp. "A" NV.,
Sec. Servs, Shitoh, Siebe, Silvermines,
Seng Furn., Stora B Free, Stvn. Bus. Grp.
Stater, Safter Pec. A. TSL Range, IT Grp.,
Tomidins B'spc Cm Pf., Unigroup, Uniterest
NV, Und. Uniform Server, Vinten Grp., Walliams
Hidge, Do. 55 pc Cv. Pt., Do. Spc Cv Pt.,
Willie Grp., Wylto Grp., Wyncham Grp., Williams
Hidge, Do. 55 pc Cv. Pt., Do. Spc Cv Pt.,
Willie Grp., Wylto Grp., Wyncham Grp., Williams
Hidge Do. Syp Cv. Pt., Do. Spc Cv Pt.,
Willie Grp., Wylto Grp., Wyncham Grp., Williams
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# 328p, helped by a hold recom-mendation from Houre Govett. Profits are expected to reach 2100m this year, with over 50 per cent coming from overseas. A low gearing and the deci-sion not to sell property in a

and make the company "a

#### expectsa pre-tax profit of 2100m, against 2104.1m. Elsewhere, Beazer lost 2 to 91p before tomorrow's release of Some marketmakers believe that Severn will have to raise its offer to win the day. A

before tomorrow's release of full year figures.

A small ray of sunshine crept into the property sector on news of an agreed bid by Scottish Widows for Connell, the estate agents chain. The cash offer values Connell at £48.3m, equivalent to 194p per share. The price jumped to 188p from Monday's 135p.

Interim figures for Interim figures for Estates & General were only

stightly below the previous year's, and it was only the company's policy of not capitalising its interest payments that prevented a strong rise in pre-tax profits. The stock record was to 1200. moved up 25 to 130p. Takeover talks between

MCA, the US entertainments corporation, and Japan's Mat-sushita saw the former jump some \$18 during early trading on Wall Street and galvanised the Thorn EMI share price. Thorn galloped ahead during

further to 84p. further to 84p.

The listing of BM Group was restored and the shares fell sharply, closing 18 down at 229p, after the conglomerate announced an 257.7m agreed share offer for Blackwood Hodge, its fellow construction agricument manufacturer. equipment manufacturer. Blackwood announced its Imal results for the year to the and

deduction.
LEP was ultimately unchanged at 164p after an aunouncement that ADT had

**4** Other Market statistics. including the FT-Actuaries

#### shares moved up 10 to 31p. LONDON SHARE SERVICE

BRITISH FUNDS	BRITISH FUNDS—Contd	AMERICANS-Contd
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FOREIGN BONDS & RAILS

**AMERICANS** 

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84c 30c 10d \$1.35 92c \$1.32 \$3.16

# APPOINTMENTS

#### **Senior posts** at Lloyds Bank Mr Michael Thomps

retires as deputy chief executive of LLOYDS BANK on January 31. He will stay on the board and become a deputy chairman from the annual meeting on April 24. The two vice chairmen, Mr Norman Jones and Mr John Davis, retire from the board on April 24 and May 31 respectively. Mr John Davies, director

of international banking, joins the board on October 1. After Mr Thompson's retirement Mr Davies will become assistant chief executive and deputise for the chief executive, Mr Brian Pitman, ■ The following have been

appointed directors of TAYFORTH INVESTMENT SERVICES: Mr Roderic Primrose and Mr Niel Mathewson join from Neilson Milnes; and Mr Charles Edmond, who was with James Capel

Mr Robert J. Foyle has been appointed production director of CASTELL SAFETY INTERNATIONAL, a Haima

subsidiary. Mr David Walker has been appointed company secretary of LOGICA. He continues as head of legal services.

■ Dr Debajyoti Chatterji has been appointed to the board of BOC GROUP from October I when he becomes managing director, technology. Mr David Craig, managing director, engineering and technology, retires from the board at the end of this month.



m MARLEY has appointed Mr Christopher G. Beenham (pictured) as group finance director from October 1. He is vice president finance of Black & Decker, Europe.

LEX SERVICE has appointed Mr Charles B.A. Cormick as company secretary following the retirement of Mr Ian R. Wightwick. Mr Cormick was deputy secretary.

Mr Michael Kerr has been promoted to general manager of CIBA-GEIGY's pigments business in the UK. He was head of marketing.



Keynes, has appointed Mr John Ockenden (pictured) as non-executive chairman. He is chairman and chief executive of Data Logic, and succeeds Mr Graeme Ward who continues as chief executive.

The ISS GROUP has appointed Mr Stuart Graham as managing director of ISS Servisystem. He was with the industrial services division

been appointed investor relations director of the RATNERS GROUP. He was investor relations manager with The Burton Group. Mr Michael Grylls, MP, has

m Mr Michael Mitchell bas

director of CAPE. UNITED PARCEL SERVICE has appointed Mr John

been appointed a non-executive



becomes marketing director.

MacPherson as divisional



YORKSHIRE SOCIETY, Bradford, has appointed Mr David Anderson (pictured) to the board in the new role of general manager (corporate development). At 34 he is believed to be the youngest executive director of



a major building society. He was general manager (marketing/premises).

# LONDON SHARE SERVICE

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## Dollar firms on inflation fears

THE DOLLAR was firmer yesterday in a thin technical market still dominated by wor-ries about US inflation. Sterling continued its recovery from last week's lower levels, while the Italian lira fell towards the bottom of the European Monetary System grid as money market rates

The dollar began the day strongly in Europe after a large order to buy \$2bn dollars for yen was executed towards the close of the previous ses-sion in New York. It then traded in a narrow range until the release of second quarter gross national product figures. GNP rose by just 0.4 per cent, after adjusting for inflation, compared with a previous estimate of 1.2, and market expectations of a 1.1 increase. The large revision reinforced fears of an economic slowdown and the dollar moved lower.

and the dollar moved lower.

However, the US currency rebounded slightly after Mr Wayne Angell, a Federal Reserve Board governor, said that cutting interest rates to offset the impact of higher oil the cutting interest rates to offset the impact of higher oil the cutting interest rates to offset the impact of higher oil the cutting interest rates to offset the impact of higher oil the cutting interest rates to offset the impact of higher oil the cutting interest rates and interest rates are not set to be a set of the cutting interest rates are not set of the cutting interest rates. prices would undermine mone-tary policy and could lead eventually to higher inflation. Mr Angell's remarks backed up comments by Mr Alan Greenspan, chairman of the Fed, that there would not be an

2 IN NEW YORK					
Sept.25	Latest	Previous Close			
Spot	1.8735-1.8745 1.07-1.05pm 2.94-2.91pm 9.75-9.70pm	1,9810-1,8820 0,99-0,98pm 2,94-2,91pm 9,68-9,58pm			

Forward providens and discounts apply to the US deliar						
		Sept.25	Previous			
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CURRENCY	WOVE	MENTS
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CURRENCY RATES

34.5		Special " Strawing Rights	European † Currenty Unit			
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† European Commission Calculations.  All SDR internation Sec. 24						

" All SDR is is in the Sep.24					
OTHE	R CURRE	KG IS			
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V Salling and					

immediate change in monetary policy. But many dealers believe that the weakness in the American economy will force a loosening in policy.
Currency analysts added that the market remained short of dollars and would require more than words of reassurance from the Fed to close those short positions. Lower oil prices or a lessening of tension in the Guif would be

needed to tempt larger buyers back into the market. The US dollar closed lower at DM1.5640 from DM1.5575; at SF11.3005 from SF11.2965; at Y137.25 from Y136.00; and at FF15.2350 from FF15.2125. The Bank of England's dollar index closed 0.2 point higher at 62.3. Sterling continued to pull back from the lows posted last week as some fund managers took out fresh long positions and Middle Eastern investors

squared their books. The

and dipped to low of 92.6 on

Cocker, chief Chemical Bank.

LITHIA'S DAY ACTORISM IN CHESC
at 93.8, up 0.4.
The comments by Mr Joh
Major, the chancellor, tha
there would not be any redu
tion in interest rates unt
inflation had started to fal
have begun to alter sentimer
towards sterling, "Mr Major
begining to win the propa
begining to win the propaganda war, said Mr Davi
Cooker shief economist s

Sterling closed unchanged at DM2.9350; was easier at \$1.8765 from \$1.8845; but firmed to SFr1.3005 from SFr1.2965; and to Y137.25 from Y136.00; and to

The lira became the second weakest currency within the EMS as money rates eased after the Bank of Italy supplied liquidity to the markets. The D-Mark firmed to L748.45 from L747.90 and the Bank was forced to buy lira for European Currency Units at the Milan

ems e	UHOPE	AN CURS	RENCY	UNIT BA	TES
	Ecu central rates	Carrency antiques against Eco Sep 25	% description of the control of the	% spread 15 treatest marrow band currency	Shergena Indicator
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Constituted in the	ntes taken towards t ntests and discounts :	te and of Landon tra tophy to the US della	dieg. † UK, beland p and not to the las	and 600	are quotal in US our reng.	amung.

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F Fr. S Fr.	1.018 0.410	1.910 0.769	2.987 1.203	262.1 105.5	10. 4.027	2.483 1	3.364 1.355	2233 899.2	2.194 0.884	61.3 24.7
H FL Ura	0.466	0.568 0.856	0.888 L338	77.91 137.4	2.973 4.476	础	1.506	863.8 1000.	D.652 0.983	10.2 27.4
CS B Fr.	0.464 1.658	0.071 3.113	1.361	119.4 427.9	4.557	1.132	1.533	1018	3.575	27.97 100

## FINANCIAL FUTURES AND OPTIONS

LEFFE LONG CALT FUTURES RETRIES ESB.000 6486 of 189%				LIFFE US THERSORY NAME FUTURES OPTIMES \$160,000 64th of 100%			LIFFE BLING FUTURES OFTENSS BRESS, 600 points of 100%								
Surita Prize 79 60 81 82 83 84	Calls of the Day 3-12 2-27 1-40 1-18 0-1		Puls-etti I-32 I-32 I-49 I-49 I-49 I-49 I-56 I-8	MAR 0-48 0-61 1-17 1-42 1-42 2-42 3-16 3-58	Strike Price 84 85 86 87 88 89 90 91	Caffe-est Dec 3-15 2-34 1-36 1-26 1-26 0-44 0-30	141 411 134 241 142 142 143 1-16 0-63	Pats-sel Dec 0-59 0-53 1-68 1-33 2-00 2-38 1-10 4-04	MAR 1-11 1-34 1-41 2-27 2-62 3-37 4-16	Strike Price 7900 7950 8050 8150 8250 8250	10 10 10 0 0	18 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	135 169 130 130 130 130 130 130	0.91 L17 L48 L82	MAR 0,90 1,06 1,26 1,50 1,77 2,07 2,74
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LONDON					CHICA	60									
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## MONEY MARKETS

## **UK** rates steady

UK MONEY rates were steady yesterday as the market digested comments by Mr John Major, the chancellor, that there would be no early cut in interest rates.

Despite sterling's recovery from its lower levels of last week - at DM2.9350 against DM2.9125 on Friday - money dealers hold out little hope for any immediate change in interest rate policy until sterling's entry into the European nge rate mechanism.

Money market rates remained locked in a tight range and trading was quiet.

UK clearing bank base lending rate from October 5, 1989

Slowing the market down has been the continuation of the Bank of England's relatively generous policy towards its figuidity needs.

Three months inter-bank

money was quoted at 14½% per cent, unchanged from the previous close. One month money was steady at 14½½ per cent and one year was also stable at 14½½. December short property of the complex short property of the com narket, December short terling closed unchanged at 5.66. Turnover was down by yer a half, reflecting the lack a activity in the interest rate

itures market. In its money market

operations the Bank bought a total of \$447m bills, compared with its forecast shortage of \$550m. During the morning it bought £231m of band 1 bank bills at 14% per cent. After lunch it purchased a further £136m of band 1 bills at unchanged rates. Finally, late assistance of around 150m was

Among the factors contributing to the shortage were bills maturing in official

were bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills, which drained £328m. Exchequer transactions absorbed a further £285m, while banker's balances were £75m below target. This was partly offset by a £90m fall in the note circulation.

In Frankfurt call money rates were steady at £00-8.05 per cent in quiet trading before today's securities repurchase tender. Yesterday, the Bundesbank set a 28-day repurchase pact at variable bid rates, which will replace an expiring DM10bn pact.

In New York the Federal Reserve added liquidity to the banking system using an overnight system repurchase agreement. The tightness of the US money market had led analysts to expect an addition of reserves. At the time of the Fed's money market intervention, Federal Funds were trading at && per cent. intervention, Federal Funds were trading at 8% per cent, compared with 8%.

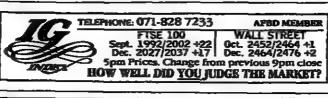
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## MONEY MARKET FUNDS

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item of business stationery

7 Young bird seen in post office last month (5)

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8 Beginning to upset me, the spirit said (6)

9 Catch up after motorway roundabout and pass on (6)

14 Gallant attendant — like Lady Chatterley's lover?

17 Leap requiring fancy foot-work there; can't otherwise make it (9)

18 Irritably grabs parking place as tyre goes down (8) 20 Article on smell by medical

man could be powerful deterrent (3,4)

21 Warp round a couple of points – fish there (6)

22 Determined to be followed

24 Decorative headdress: it goes round a sun god (5)
26 King and emperor trapped into forming musical group
(4)

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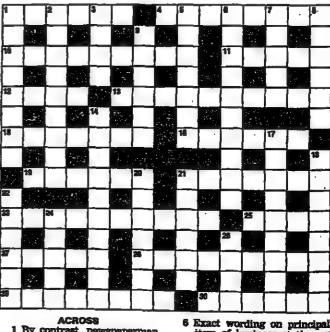
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**ACROSS** By contrast, newspaperman is baffled (6)
 Perfect order for dessert

(5,3) 10 Old tax collector is cut off with retainer (9)

11 Hitch-hike in the north?
Umbrellas advised (5)

12 Looked after minor draw-

back (4)
13 Obviously it's individual if

13 Obviously it's individual if style is new (10)
15 Brazilian diplomacy may ensure that mob disperses (4,3)
16 Foreign leader confuses her in endless rage (6)
19 Mounting agreement is reported (6)
21 Cut dressing – put coat on (7)

21 Cir. dressing — prin com on (?)
23 Old-fashioned officer is better in battle (3-?)
25 The French cardinal points to magnifying glass (4)
27 Understand note on file (5)
28 Wine shop is disturbed about railway getting possession (9)

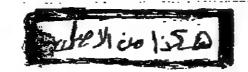
session (9)
29 Hear appalling family Criti-

30 Attempt by American writer to produce verse (6)

1 Worry over effort going into

carving (8)
2 Run up debts without interest (9) 3 Gaelic poetry is a non-

Solution to Puzzle No.7,350 Leading churchman keeps quiet about minor disagree-ment (7)



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## Dow cautiously retraces some of Monday's losses

**Wall Street** 

AFTER a shaky start, the equity market gingerly retraced some of Monday's sub-stantial losses to stand modestly higher at midsession, writes Janet Bush in New York. At 1.30 pm, the Dow Jones Industrial Average was quoted 15.84 higher at 2,468.81 on moderate volume of 103m shares The Dow had closed 59.41 lower on Monday at 2,452.97.

Equities slipped into negative territory in morning trad-ing as crude oil prices contin-ued to edge higher. On the New York Mercantile Exchange, November futures were quoted around 25 cents higher. However, by midses-sion, the November contract had slipped back again to be quoted 45 cents lower at \$37.80 a barrel which helped stocks to

recover some ground. Another reason for early nervousness was the release of final revisions by the Commerce Department of second quarter GNP. The Department estimated that GNP had grown by only 0.4 per cent in the second quarter compared with a gain of 1.2 per cent previously

reported.

The prime source of the change was a lower estimate

or net exports which has been one area helping to keep the economy growing this year as manufacturing has become increasingly sluggish.

Growth of only 0.4 per cent

could, in normal circumstances, prompt easier mone-tary policy from the Fed. However, the huge surge in oil prices since early August makes it much more difficult for the Fed to ease to keep eco-

nomic growth going.

Fed Governor Mr Wayne
Angell drove this home yesterday when he warned against easier monetary policy in view of higher oil prices. He said the Fed would lose credibility if it were to ease now.

One of the most active issues on the New York Stock Exchange yesterday morning was Philip Morris which gained \$1/2 to \$44%. General Electric rose \$1/2 to \$55. Its NBC news subsidiary announced it was laying off around 25 people or 2.5 per cent of its workforce.

One of the day's most dramatic movers was MCA which jumped \$22% to \$56% on news that the communications

that the company is discussing a possible acquisition by Matmushita Electric Industrial Co. Reports estimated the price at between \$80 and \$90 a share. jumped \$2% to \$34, apparently benefiting from takeover talk in the entertainment sector. American Brands gained \$1 % to \$67% after amouncing a 2-for-1 stock split and a boos in its quarterly dividend. The new dividend rate is equal to

77 cents a share compared with 68 cents a share before the

stock split. DeSoto, a manufacturer of paints and detergents, added \$\% to \$41\% after disclosing in a filing with the Securities and Exchange Commission that it might pay a \$35.50 a share spe cial dividend when a planned restructuring and partial liquidation are completed.

## Canada

TORONTO stocks steadied at lower levels at midday after a sharp opening loss triggered by a heavy sell-off in New York on Monday. The composite index lost 24.3 to 3,202.8 on volume of 13.3m shares. Declines led

advances by 268 to 137.

Bank shares dropped after a
Donaldson, Lufkin and Jenrette analyst cut his earnings estimates for several DS banks. Bank of Nova Scotia eased C3% to C311%, Canadian Imperial lost C3% to C322% and Toronto-Dominion fell C3% to C315%.

# Frankfurt falls 4.4% to lowest point in 16 months

PROSPECTS for Continental bourses looked grim yesterday, as many fell again to new 1990 lows, writes Our Markets Staff. FRANKFURT dropped snother 4.4 per cent, the DAX index closing 62.65 lower at 1,353.40, through the 1,385.72 it hit after a 12.8 per cent plunge on the Black Monday of October 16, 1989, to its lowest point in sixteen months. The FAZ closed 23.75 lower at 583.33 in midsession. Volume rose to

DM5.5bn from DM3.9bn. "It's the rabbit in the head-lights syndrome," said Mr Andrew Bell at BZW in London, seeking to illustrate how a market, with none of the foreign support which took it up this year, seems to be waiting for war to break out in the Middle East, or another resolu-tion of the Gulf crisis which would lead to stability in the oil price, before it makes a positive decision on which way it

Lufthansa and Nixdorf had a particularly painful day, down DM54 to DM511, DM12 to DM101 and DM28.30 to 230.20 respectively; Continental continued to show that some speculative spirit exists with a further recovery

of DM6.50 to DM272.50. PARIS moved below the 1,500 support level on the CAC 40 index, which fell 17.18 or 1.1 per cent to 1,485.39, another year's low. Encouraging trade figures and Wall Street's steady opening helped to pre-vent the market falling further, trading remained light. Pinault was the day's biggest

faller, plunging FFr79.20 or 18.8 per cent to FFr342.80 after the previous day's news that the timber group plans to offer six of its shares for every five in CFAO, the trading and distri-bution company in which it already holds 33.1 per cent. CFAO rose FFr6.10 to FFr375.10; shares of both companies are suspended. Lyonnaise des Eaux feil

FFr20.70 to FFr442 and Dumez lost FFr25 to FFr583 after their shareholders approved their

NATIONAL AND REGIONAL MARKETS

Austria (19)

merger plans.
ATHENS fell sharply for the second successive day, with the general index of 86.0 at 1,150-30 for a two-day loss of 14.4 per cent. Mr Kenophon Niarchos, the stock exchange president, set a 10 per cent fimit on share price declines to safeguard investors on both trading days.

The market was hit by last

TEHRAN's stock exchange has seen turnover surge in the last six months, accord-ing to Tehran Radio. Shares worth more than IR16.4bn (\$240m) were traded, seven times the total in the same period last year, and the number of shares has risen 388 per cent to 3.5m. The market was revived last year after the Iran-Iraq war; 76 companies are registered at the exchange and 14 more have applied, said the radio.

week's decision not to stage the 1996 Olympics in Athens, said an analyst; investors had discounted a victory by the Greek city. The response to the Olympics decision had not been possible until this week. because industrial action day and Thursday (the bourse

is abut on Fridays).
Turnover has been low, with
a bank strike creating a shortage of cash. Strikes are expected to shut the bourse today and tomorrow.

STOCKHOLM fell to a new low for the year in heavy sell-ing triggered by higher oil prices and rising credit market yields. Turnover rose to SEr500m from SKr392m, The Affärsvärlden general index closed down 36 at 994.1. Ericsson continued to drop, with its free B shares losing SKr6 to SKri94. One of the few winners was Handelsbanken which rose SKr1 to SKr117 after reporting a better-than-expected operat-ing profit for the first eight months of the year.

AMSTERDAM ended a role-tile session mostly lower

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Constituent Charge: Deletion: Capital Markets (New Zealand) (25/9). Latest prices were unavailable for this edition.

though short-covering, bar-gain-hunting and a firmer Wall Street opening lifted shares from their lows. The CBS ten-dency index lost 0.5 to 93.8. The property company, Wer-eldhave, dropped FL 12 to FI 150.00 and Innovest, the real estate fund, shed FI 2.50 to FI 100.00. Dealers expected that Rodamco, which said on Monday that it would not longer buy back its own shares at their net asset value, would

slide when trading resumes with the exception of the With the exception of the aluminium and steel company, Hoogovens, which firmed 20 cents to Fi 54.00, all blue chips closed easier. Royal Dutch slipped FI 260 to FI 139.60.

MILAN fullel to react to better-than-expected provisional inflation figures for September, which came in at 8.3 per cent

which came in at 6.3 per cent below the forecast of 6.6 per cent. The Comit index fell 8.67 to 554.30, a new low for the year. Turnover remained very low at around L100hm, around one-third of the daily average

one-third of the daily average enjoyed earlier this year. Pirelli fell L58 to L1,851 before reporting first half attributable net profit of L121bn, up from L113bn. Benet-ton, the knitwear company, was L140 lower at L8,050 sheed of a rice in interim constitute of a rise in interim operating profits to L138.2bn, from L122.3bn a year earlier. Fiat, due to aunounce its first half results on Thursday, lost L133 to L6,088. The insurer Generali, whose one-for-ten scrip issue has been set for October 16, slid L540 to L35,100.

MADRID recovered slightly in the afternoon but still ended the day well down. The general share index closed 5.90 down at 210.41, a new low for the year. ZURICH finished lower in moderate trading in spite of scattered buying throughout the session. The Credit Suisse index fell 10.7 to 490.0.

HELSINKI closed lower in higher turnover. The Unitas all-share index fell 5.4 or 1.2 per cent to 427.1 in volume of FM22.3m after FM11.3m.

1.86 | 138.68 | 111.41 | 1.86 | 100.88 | 138.68 | 111.41 | 1.86 | 100.88 | 133.19 | 1.87 | 129.69 | 100.18 | 1.80 | 244.33 | 196.29 | 1.80 | 244.33 | 196.29 | 1.80 | 244.33 | 196.29 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 |

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Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

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# The pendulum swings back in South Korea

Investor disillusionment and higher oil prices have taken their toll, writes John Ridding

the question everyone stock market was: "How far can it climb?" Now, longer-faced brokers wonder instead just how far can it fall. The Seoul market, which soared by a staggaring 90 per cent in 1987 and 73 per cent in 1988, paying scant attention to Black Monday, is now matching all but Taipei and Tokyo in its rate of

The composite market index is currently hovering between 580 and 600 points, closing yesterday at 593.77, more than 40 per cent below its peak of April 1989. About one third of the decline has taken place since Iraqi tanks rolled into Kuwait. Investors are rightly concerned about the implications of the invasion. South Korea is lependent on imports for its oil supplies, which represent 54 per cent of national energy requirements. More importantly, Korea's export-oriented economy is particularly vulner-

national growth rates.

The crisis in the Gulf, how-

ASIA PACIFIC

ever, is only adding to existing worries. Chief among these are an inflation rate well on its way to double figures and a marked slowdown in export performance. July's current performance. July's current account surplus, the first of the year, seems unlikely to be repeated, and the Government is now forecasting a trade deficit of between \$3bn and \$5bn for 1990, compared with a surplus of \$4.6bn last year.

But the most important cause for pessimism lies in the minds of investors.

minds of investors. A wide-spread feeling of disillusionment fostered by inexperience of such losses in Seoul's tradi-tionally booming bourse means that individual investors, who have traditionally accounted for more than 60 per cent of trading, are reluctant to trust the market again.

Mr Suh Jung Sun, executive director of Daewoo capital management, says: "A lot of people are just sick and tired of

1987 88 89 90

the market. Once the psychology is that had, it is awfully difficult to turn around."

South Kores Secul Composite Index

much of the recent buying has been done by the \$5bn stock market stabilisation fund created through contributions by domestic financial compa-nies — the high level of receivables and margin contracts means that any recovery quickly runs into strong selling pressure.

A series of other measures

have been implemented in an attempt to revive the sagging market. Last week, the Minis-

try of Finance announced the creation of new unit trusts worth Won2.6 trillion (\$3.7bn). The trusts have a guaranteed rate of return of 10 per cent and are redeemable after three years. The initial response was strongly favourable, sending the index up by 4 per cent the following day. But since then, the downward drift which has followed the Government's pre-vious interventions has been in

"The Government is proba-bly doing as much as it can," argues Mr Todd Kilborn, senior analyst at James Capel in Seoul. "But they are con-strained by the danger of fur-ther adding to inflation." For all these reasons, the consensus among stock ana-

ther to fall. "We think that the bottom is about 500 points," says Mr Bin Sohn, senior analyst at Pru-Bache, expressing a sentiment shared by many of his counterparts at other secu-

The implications of the downturn go further than the pockets of investors. The

to 20.7m, up from 7.3m.
TAIWAN fell further in light

trading to its lowest level in

2½ years on continued worries over higher energy costs. The weighted index lost 3.8 per cent, or 105.37, to 2,701.84. Turnover rose to NT\$12.550.

AUSTRALIA declined for the minth consecutive day to its

ninth consecutive day to its lowest point since May 1988. The All Guinaries index lost

1.3 per cent, or 18.8, to 1,393.8.

Turnover rose to A\$168m from A\$160m. But oils and golds bucked the trend on higher bullion and crude prices.

securities companies has increased calls to delay the opening of the stock market to foreign investment, scheduled for 1992. The Ministry of Finance says it is committed to its timetable, but faces growing

pressure to postpone it.
Foreign investors, too, are feeling the brunt of the Sand market's decline. The relatively small number of convertible bonds, bonds with warrants and internationally traded funds have seen their premiums to net asset value evaporate.

The London listed Korea Euro Fund, for example, has seen its premium eroded from 80 per cent to less than is per cent since the beginning of the year. Mr Torquil McAlpine of Schroders Securities says: "We are seeing very little activity in the various Korean

Another foreign broker comments: "The days of unrealistic premiums are certainly over, and with the mood the way it is, buying interest is going to take some time to rekindle."

# Japanese despondent after long weekend

INVESTORS returned from their long weekend to see ear-lier recovery hopes dashed by Monday's events elsewhere, weak volume and bouts of sell-ing which took shares to a new 1900 low, writes Michigo Naka-moto in Tokyo.

The market was despondent. The surge in oil prices, singgishness on overseas markets and higher interest rates at home kept a damper on the market, and the Nikkei aver-age was battered by small-lot

The Nikkei finished with a loss of 418.51 at 23,359.32. The day's high was 23,762.08, while the low was 23,218.50. There were 825 declines, outpacing advances of 139, while 92 issues were unchanged.
Turnover was a pality 280m

Turnover was a paltry 230m shares, down from Friday's 450m. The Topix index of all listed stocks took a plunge of 50.41 to 1,719.36 but, in London trading, the ISE/Nikkei 50 index shed only 2.32 to 1,239.59. Investors had expected the market to be more lively yesterday. Securities houses, having just concluded important managers' meetings to determine strategy for the next mine strategy for the next term, were expected to step up activity and buying was anticipated from newly launched

The selling pressure, however, proved too strong to over-come. "People are wondering how far it is going to fall," said Mr Shigeru Akiba at UBS Phillips & Drew.

While dealers were known to be desperate to prevent the Nikkei from dropping through 23,000, there were fears that the market did have further to fall. Neither interest rates nor the situation in the Gulf held much promise in the short term. In reaction to the rise in

term in reaction to the rise in oil prices, bond prices yester-day registered new lows. Nevertheless, some support was expected this week from institutions wanting to raise the value of their stock hold-

## **SOUTH AFRICA**

GOLD shares closed sharply higher after a surge in world builton prices. Demand was fair but little scrip was on offer. The all-gold index touched 1,500 before closing 68 higher at 1,582. The all-share index rose 52 to 1,782.

**DOLLAR INDEX** 

191.06 120.19 124.62

ings, which will be determined by their market price at the

Large-capital issues were hard hit. NTT lost Y31,000 to a low of Y801,000 in heavy selling. Bank shares were also under pressure. Apart from worries about whether the hanks are able to meet taternational capital adequacy stan-dards and about the vulnerability of their profits, shares have been hit by a move among cor-porations to sell their holdings in banks.

The only bright spots were issues with special incentives. Kobe Steel topped the actives with 45.2m shares and hard-ened Y1 to Y566 on rumours venture with Alcoa. Fukusuke, a maker of socks and underwear, rose to a new high of Y1,850 on talk that its second largest shareholder was trying to raise its stake in the com-pany. It closed Y110 up at Y1,910 after active trading.

in Osaka, widespread selling took the OSE average down 499.61 to 27,161.98. Volume surged to 35m shares from Fri-day's 25m. Corporations have been reported to be actively conducting cross-trades in Osaka to realise profits.

## Roundup

ALL PACIFIC Rim markets were lower yesterday, with the exception of Bombay.

MANILA fell to its lowest level since May 1987 as the national strike entered its second day. Prospects of soaring inflation and social unrest, and rumours of a currency devaluation, sparked heavy selling.
The composite index plunged
38.60, or 6.4 per cent, to 567.11.
NEW ZEALAND partially recouped early losses but ended lower as the downturn on overseas markets dominated sentiment. The Barclays index fell 19.66 to a five-year closing low of 1,478.34, after touching 1,460.71. Turnover was boosted by a block sale of 14.7m shares in Wilson Neill,

International media group News Corp lost 26 cents more to A\$8.74 on fears that its plan to restructure its share capital and issue non-voting stock would dilute earnings. The Australian Stock

Exchange announced that it would close its remaining trad-ing floors in Melbourne, Sydney and Brisbane from the end

of trading on Friday. SINGAPORE finished weaker as foreign institutions sold holdings in Malaysism and

Straits Times Industrial index. dropped 19.55 to 1,113.19. Vol-ume was low at \$\$74.8m, but above Monday's S\$56.8m. KUALA LUMPUR fell for the seventh consecutive day, with the composite index losing

10.38 to 484.43. Turnover rose to 46m shares from 26m. HONG KONG lost 1.9 per cent in continued light trading, but closed above its early low, The Hang Seng index gave up 54.27 to 2,807.50. Banks and

property companies turned in the session's steepest losses, BOMBAY reached a new high as encouraging corporate results triggered heavy buying especially by state mutual funds. The RSE index shot up 77.08 to 1,466.11.

BANGKOK closed lower. The SET index fell 33.16 to a 14-month low of 613.85. JAKARTA fell across the board, bringing the composite index down sharply to 477.38 from the officially revised 494.49, and turnover declined to 1.83m shares from 1.94m.

5

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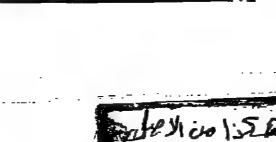
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# WASTE MANAGEMENT

Wednesday September 26 1990



The increase in public concern over the state of the environment is provoking great

changes in the waste management industry. The trend is towards stiffer regulations but this has resulted in higher costs for the consumer. John Hunt reports

# **Public doubts** bring change

industry is going through the greatest transformation in its history as a result of the large increase in public concern for the state of the environment.

Governments have been spurred to take action and the trend is towards stiffer national regulations for the control of all wastes. Internationally, governments have united to introduce tighter controls over the movement of toxic waste across frontiers.

The growth in the amount of waste being handled and the increasing sophistication of the techniques used means that waste management is very big

Costs have risen as a result of stricter regulations and higher public expectations cou-pled with the rising expense of landfill sites which have become increasingly scarce particularly in crowded south-east England. Some London waste has to be transported to Bedfordshire as the nearest point of disposal. The result is that customers

will have to pay more for waste disposal over coming years. These trands have led to consolidation in the industry with large companies absorb-

AND THE PARTY OF

THE WASTE management ing smaller ones and international takeovers becoming more common.

Small cowboy outfits which have given the industry a bad reputation are likely to be driven out of business because they will be unable to afford the beavy capital cost of meet-ing higher standards and will not have the technical exper-

Until the 1930s waste disposal was still primitive by today's standards. Household rubbish was burnt in a basic incinerator or dumped on an open tip. Industrial wastes were not as numerous or complex as they are now and were often dumped on a tip acquired by the owner of the factory where they originated.

Packaging of foods and con-sumer goods has increased the amount of paper and board dis-posed of and the widespread use of plastics which are difficult to destroy has added to

The Confederation of British Industry estimates that industry and commerce in the UK produce over 100m tons of waste a year and that it costs companies at least £80m to dispose of it. It believes that disposal costs could rise to £7bn by the end of 1992 even with no

rise in waste production.

Analysts at Citicorp investment Bank say that the price for disposal of non-hazardous waste in UK landfill sites will rise by 15 per cent a year and that the total value of waste disposal business in England and Wales could increase by at least 10 per cent a year.

A similar picture exists throughout western Europe. Paribas, international stockbrokers, says that charges for disposing of industrial and domestic waste are likely to double in western Europe by the end of the century as a result of tougher environmental legislation. In 1989 western Europe paid

£16bn to dispose of solid waste - about 60 per cent industrial refuse and the remainder domestic. Parting believes that this annual cost is likely to rise to £32bn by the end of the 1990s and that three quarters of this will go on industrial

The alternative to landfill is incineration and this is a costly method. About 10 new incinerators each costing £20m will be needed in the UK to dispose of sewage sludge that Eritain will no longer be dump-

ing in the North Sea after 1988 as a result of the agreement reached at the North Sea Conference earlier this year.
Yet there could be stiff oppo-

sition from local residents when planning permission is sought for incinerators — an example of the Nimby (Not in my backyard) syndrome. In Britain the Environmental Pro-tection Bill, expected to become law next month, will radically change the frame-work within which waste dis-

posal operates.

It will introduce a new duty
of care which will mean higher
standards and stiffer penalties for whose who do not dispose of waste in an authorised manner. It places responsibility on the producer of waste to see that it is accurately described and treated by a company authorised to handle it.

The bill means that responsibility for the correct disposal of

waste will rest more widely along the entire chain — from the first producer to the final disposer. Each person in that chain will be subject to the duty of care and criminal liability is imposed on those who breach it Local authorities are breach it. Local authorities are directly affected by the legislation. They will no longer have gamekeeper by running their own disposal sites at the same time as policing the way those sites are operated.

They will be required to set

up local waste disposal companies (LAWDCS) which will operate at arms length from the authority.

Alternatively they can privatise their waste disposal

operations with contracts awarded by competitive tender. This opens up a large new market for private waste dis-posal. It is estimated that the total market for compulsory competitive tendering is worth more than £2hn a year and that most of this is for cleaning and

refuse collection.

The waste industry has been aware of the need to improve standards. Last year the National Association of Watta Disposal Contractors introduced its own code of conduct which enables it to impose fines on members in extrame cases of breach of discipline. Dr Ted Thairs, head of the CBI's environment, health and safety group says there must be plans for the installation of clean technologies and long-term waste minimisation if British business is to meet

environmental standards and still remain competitive. Britain is producing twice as much waste as in 1965 and the Government believes that even with waste minimisation and

recycling a large reduction in the amount could not be expec-

ted in the short term. Mr David Trippier, Environ-ment Ministers, points out that there are no easy options for dealing with waste "however much money you are prepared to pump into it."
On the international scane

there have been protests at the dumping of the industrialised countries' toxic waste in the third world. The ressel Earin B carrying toxic waste which had been dumped in Nigeria from Italy was refused permission to unload it in Britain in 1988.

Last year, a Russian yeasel carrying PCBs (polychlorinated biphenyls) from Canada was turned away from British ports. This incident posed an important question of principle important question of principle as all the correct legal procedures had been complied with. The material was destined for the Recham plant in Wales where it could have been safely disposed of through high temperature incineration.

International agreements

IN THIS SURVEY



across frontiers and to prevent

dumping in the third world. The Basle agreement of 100 nations stipulates that coun-

tries exporting waste should have the written assent of importing countries. The exporters have to ensure that

the waste will be managed in an environmentally sound

manner at its destination.

The EC Commission in Brus-

sels has proposed a directive to

introduce strict civil liability

for damage from waste dis-posal as an extension of the

"polluter pays" principle. The producer of the waste would be held liable for damage to indi-

viduals, property or the envi-ronment even if the damage was not the producer's fault.

An EC directive controlling

the quality of landfill sites and

stipulating waste unsuitable for landfill is expected. In addi-

tion it is working on new regu-lations to control the move-

ment of waste across frontiers.

dynamic economies have the biggest problems with waste.

Hong Kong, Taiwan and South

Korea are between them esti-mated to be spending \$5km on waste disposal over the next

In Asia some of the most

Water: Higher quality treatment comes at a price US: A growing list of



Tougher measures; Recycling: UK legs behind the rest of Europe Page 8

The Government keeps options open

Editorial Produc

## **ENVIRONMENTAL TECHNOLOGY MARKETS UP TO 2005-**CONFERENCE FOR WESTERN AND EASTERN EUROPE

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Docs environmental protection create new jobs?

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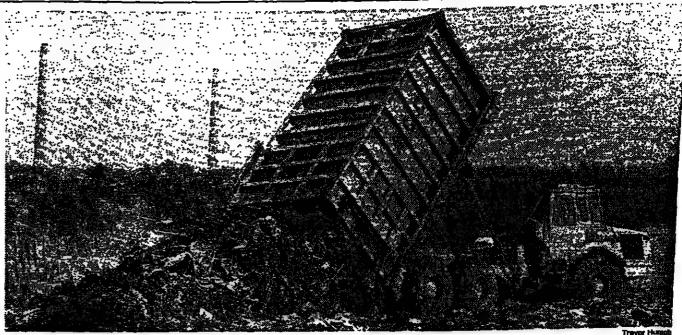


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past; Shanks & McEwan landfill site at Calvert, Buckinghamahire where containers (left) are loaded from freight trains and transported to the site (right)

THE WASTE disposal industry has frequently been the target of criticism by environmental groups and politicians for the way it has conducted its

Cowboy operators have given the industry a bad name through illegally fly-tipping building and other wastes on the nearest piece of land. In London it is estimated that Im tonnes of waste was being dumped illegally every year up

The danger of explosions from methane gas building up on waste sites and of contaminated materials leaking into the water supply from the sites

MECYCLING AND GREEF ISSUES has accounted for elanest 75% of

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"Out of all the debris removed, almost

70% of it can be used again in a different

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Waste disposal companies are much criticised. John Hunt looks at attempts to raise standards

# Cowboy operators taint cleaner image

plaints about old waste dumps abandoned with the ground still contaminated by toxic

The House of Commons allrty Environment Committee has been scathing about poor standards in the disposal of toxic waste. It said: We are concerned that waste disposers too often deploy the cheapest tolerable option rather than striving for the concept of the

JEXTEC

ONE MAN'S MEAT IS ANOTHER MAN'S POISON

racted to remove waste from a site

con charge a set amount per load, of which, only 30% corries lipping expenses as obsolute robbish. The remaining 70%

con be said on to provide additional profit.

if a company generally pays \$30 for such load speed, for every ten potential loads to be sipped he saves \$350 out of

"If each of those loads recycled can be

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In fact, the industry has taken such criticism on board and has been making great strides in improving its performance. This has often been led by the big and growing waste disposal companies which have most to lose from a bad public image for the industry. Tighter regulations and the threat of more to come - both

potential of recycling debris EXTEC are predicting a ropid increase in demand for the EXTEC 5000S and see it playing a

The conventional applications of gradinaline materials such as asol, ash, peat,

of for much of the rea sales as the EXTEC 50005 is used on new

CONVENTIONAL USES

domestically and from the European Community - have also acted as a catalyst. The Environmental Protection Bill, expected to become law this October, will enforce those dis-posing of waste to be more careful and should lead to fur-

The Control of Pollution (Amendment) Bill, sponsored by Ms Joan Ruddock, Labour MP for Deptford, became law last year and has introduced er regulations that should reduce fly-tipping.
The need to restore old

waste sites to good environ-mental standards has been widely accepted by the indus-try. Old landfill sites are often restored as pleasant agricul-tural and grazing land and the area is enhanced by the planting of trees.

More sophisticated technical

methods have led to improved control of methane gas and this is now often sold to industry or used to generate electric-

The National Association of Waste Disposal Contractors (NAWDC) which represents many companies in the indus-try, has introduced annual landfill awards to show what can be achieved.

First winner for site operations was Cleanaway for its Buff Quarry site at St Helens, Merseyside, which takes 100 lorry loads of domestic, commercial and industrial waste daily. Filling is carried out in carefully controlled areas and methane gas is extracted and supplied to a nearby brickworks as fuel. Shanks and McEwan, a large

the waste and the company disposing of it. Members are asked to inform

In London It is estimated that 1m tonnes of waste was being dumped lilegally every year up to 1989

company with a turnover of 285m, has been selling landfill gas from decomposition of waste to industry since 1981. It has been generating electricity from landfill gas from a site in Bedfordshire since 1984. The company extracted 1.3m therms in 1988 and half of this was converted to electricity. A supply of 1m therms is enough to heat 3,000 average sized

houses for a year.

NAWDC has introduced its own code of conduct for the industry under which members pledge the safe and effective collection, transportation, storage and disposal of wastes.

the association of any poor practices or actions which might be detrimental to the industry. Formal hearings may be held by the association's disciplinary committee and members consured, suspended expelled or fined up to £7,500

Transport has often been the source of pollution complaints as it is difficult for the disposer

of the waste to control the

activities of the company hired

to move it. Under the code, all

transport and disposal must be

covered by a written agree-

ment between the generator of

The key to safe handling of waste is proper training and familiarity with the regula-tions involved. This is being given higher priority and the Commons Environment Committee welcomed the industry's commitment to it.

NAWDC's training committee runs a programme of according to the best practi ronment. Its activities to comply with or exceed rega tions or codes of practice and will adopt appropriate a technologies.

Shanks and McEwan ! gone to the unusual lengths creating its own environmen advisory board consist mostly of outside profes with expertise in toxicolo law politics and conservation The board will participate discussions of company pla

that involve the environment It has independence to coment on such matters and v publish its own annual repo Outside consultants we appointed to help develor corporate environmentai po for Shanks and McEwan. T involves a system of wee examination of sites for t ness, safety, quality operations and engineering atte planning meeting is hevery month and there quarterly reviews. An indep dent waste management o

six months. Detailed procedures are la down for 30 areas includi e might leak into the soil, patt conservation and Haison wi local communities.

sultant inspects each site eve

Such developments ma good business sense for tindustry. It avoids damagi: publicity and protects shat holders by avoiding the best legal liability that could ari

An unglamorous industry? David Thomas finds plenty of investment activity

# performers

ANYONE WHO thinks of waste management as an inherently unglamorous industry ought to have a few words with an investment analyst.

Ask, for example, Dr Rdmund Bradley of Citicorp, who in a recent voluminous study of the UK waste management industry concluded: The impressive stock market performance of the six quoted waste management companies over the past two years cannot fail to have gone unnoticed by holders and non-holders alike."

At least until the Gulf crisis knocked some of the froth off the sector, Britain's small group of quoted waste mangement companies (Attwoods, Caird, Leigh Interests, HT Hughes, Rechem Environmental Services, and Shanks and McEwan) has been one of the star performers on the London

stock exchange. A splurge of acquisitions of smaller privately held concerns has helped many companies in the sector to grow rapidly,

while the larger UK companies are consolidating and expanding thair operations overseas. mg their operations overseas.
The pace quickened last week
when Leigh Interests the Mid-lands-based company,
announced an agreed bid for
HT Hughes and Severn Trent
launched a hostile bid for Caird. Other examples include: Leigh Interests announced last November its acquisition of Clay Colliery, a coal and clay extraction company, for

217m. It wants to use the holes left by Clay's operations as potential landfill sites

Attwoods — which has about 75 per cent of its business in the US - has increased its share of the US market by acquiring Mindis Industrial which reprocesses glass, metal, paper and plastic waste. It has strengthened its base in Florida, by buying waste disposal operations there from Laidlaw Transportation. Last year, it made its first move into mainland Europe by buying Omega, a West German company, for

up to £15.4m. Many of these acquisitions have been financed by the issuing of paper, which recently has been trading on sky-high

But the sector has been strong enough to make cash calls – as when Attwoods raised £82m earlier this year to eliminate its debt burden and to allow it to press ahead with international acquisitions. Interest in the sector has

been heightened by the continued growth of the waste management divisions of leading industrial companies. The main players on this front include Biffa, a subsidiary of BET; Cleanaway, a GKN-Bram-bles joint venture; Cary Waste, owned by OTT; and Waste Management, which is owned by NFC and is distinct from the US company of the same

As though that were not enough activity, many water companies have targetted waste management as a natural area for diversification. Northumbrian, Severn Trent, Southern, Thames, Welsh and Yorkshire have set up subsid-iaries, while some industry observers predict that all the 10 water companies privatised last year might soon have entered the market.

Meanwhile, overseas companies, notably from North America and France, have been showing their interest in British waste management by setting up their own UK sub-sidiaries: these have begun to acquire some smaller operations or enter into joint ventures with the more estab-

lished players. Waste Management and Browning-Ferris Industries, the two leading US waste companies, owe more than a tenth of their turnover to their European activities.

The signs are that their pres ence in Europe will increase Laidlaw Transportation, Canada's biggest waste group, also harbours ambitions to expand in European markets. From France, Saur has teamed up with Welsh Water and Southern Water to chase refuse contracts with British local This burst of activity is not difficult to explain. Companies

are being forced by the burgeoning environmental aware-ness among the general public to pay greater attention to their waste. Reflecting this mood, many Governments are passing tougher waste management laws. In the UK, the Environmen-

tal Protection Bill, which is on the verge of becoming law (see separate article), will transform the statutory framework for waste management. The likely increase in opera-

tional costs could herald a shake-out of the UK industry, which is at present highly frag-mented, with over 4,000 compames active on some estimates. Mr Frank Argent is director general of the National Association of Waste Disposal Contractors, whose 80-plus mem-bers account for about

two-thirds of the industry's £1hn annual turnover. "The Environmental Protection Bill will tend to squeeze out the least able companies," he says. The stock market fall follow-ing the Gulf crisis has introduced one uncertainty. The waste management companies had further to fall than many

other quoted concerns. always vulnerable to market shake-outs," says Mr Robert Miller-Bakewell, analyst with County NatWest WoodMac. Nervousness in the sector was compounded at the start of September when Caird's shares

fell 45 per cent after the company announced results way below the City's expectations. below the Chrys expectations. The company appears to have suffered a bout of indigestion after gobbling up 50 acquisitions since 1987.

At County NatWest, Mr Miller-Bakewell accepts that the Calkinduced market fall might

Gulf-induced market fall might lead to some pause for thought.

"Yes, the fact that the paper of the quoted companies will now be worth somewhat less quites it more difficult for them to carry out acquisitions that are

courses covering legislation, vehicle operations, health and safety and landfill gas control.

A practical waste manage-

ment residential course of five

days was introduced in 1976 to

familiarise staff with modern

methods and three visits to

waste sites are included in

bours so that members can see

practices

the best waste management

There are one day courses on

gislation such as the Control of Pollution Act 1974, the Health and Safety at Work Act

and the new Environmental Protection Bill. With the indus-

try so frequently in the public

eye, a course on how to deal

with the media has now been

Detailed environmental poli-

cies have been developed by some companies to make sure

that the vest practices have the

full approval of the board. Monitoring is carried out to ensure that these standards

are applied all the way down

the line - particularly by the operatives who dispose of the

Cleanaway's policy pledges the company to plan, conduct

and monitor its operations

There are also foreign study

automatically earnings enhancing," he says.

He argues that the prices which companies are having to

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pay for acquisitions are al down on a year ago. "At t end of the day, the pressur on the small operators to a out are going to remain."

"The UK Waste Management

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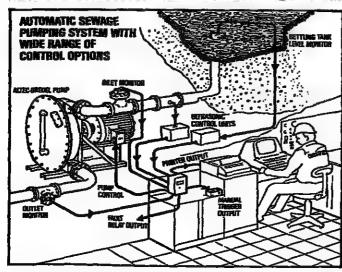
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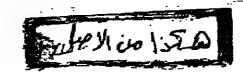
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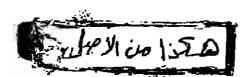
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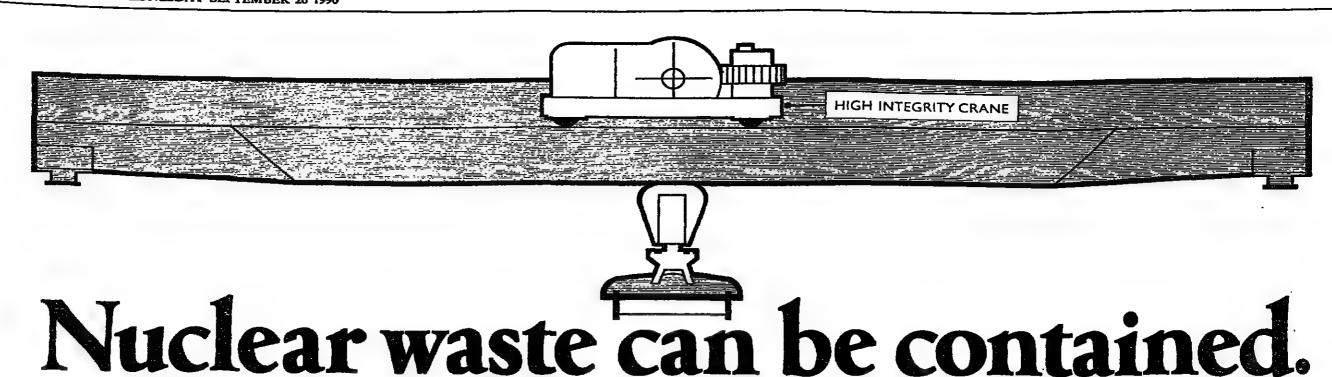


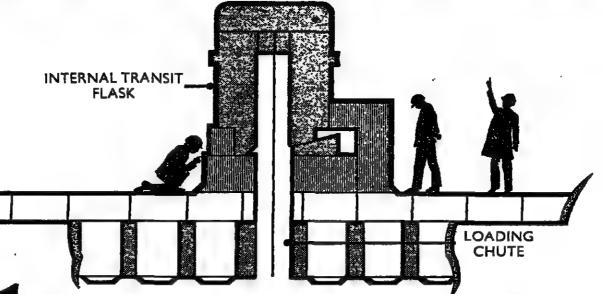


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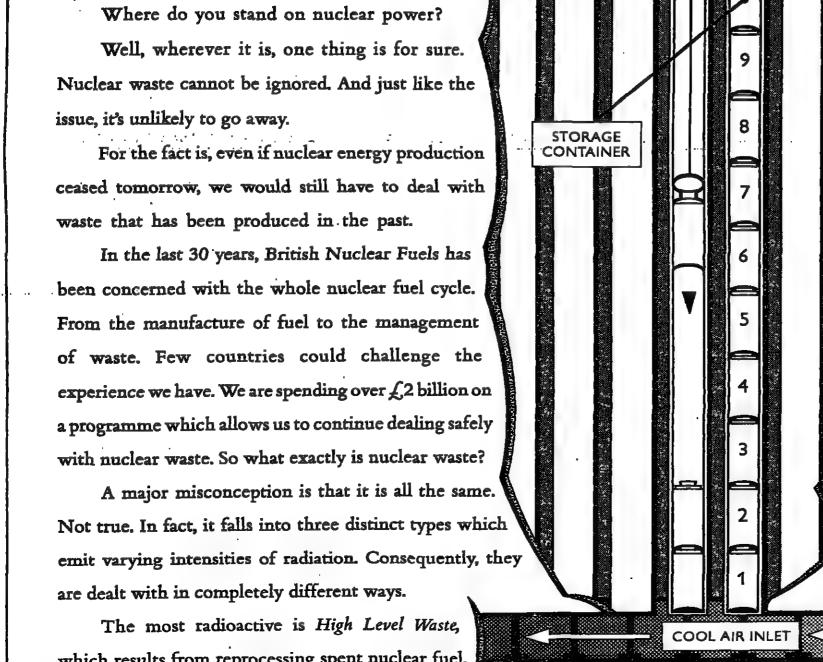
The least radioactive waste of all is Low Level Waste, such as paper towels, gloves, protective clothing and laboratory equipment which not only come from the nuclear industry but from hospitals, research laboratories and other industries where radioactive materials are handled. Despite the fact that radiation from low level waste is negligible, we take no chances.

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## BRITISH NUCLEAR FUELS

Managing waste at Sellafield.



THE ENVIRONMENTAL pressures facing the UK water industry are moving from the improvement of drinking water

standards to what in European Community jargon is known as the "wastewater", or sewage treatment and disposal, side of the industry. The ultimate cost to the customer could be just the main pressure comes, as

with improvements on the clean water side, from the European Commission, which announced earlier this year its proposals for a new wastewater draft directive aimed at improving sewage treatment and disposal throughout the

For the UK, the provisions that will have the greatest impact are phasing out the dis-posal of sewage sludge at sea, and higher standards of treatment for waste discharged in

This is straightforward enough except for two factors

the high cost, and the fact
that goalposts are liable to move as expectations increase and as methods of detecting pollution become more sophis-

To allow for this, the 10 privatised water companies in England and Wales, and the 29 former statutory water compaRichard Evans outlines the increasing environmental pressures on the water industry

# Treatment improvements come at a price

nles, have had written into their charging formulae the ability to charge extra for any additional capital spending requirements that are not yet

nown. This means that water charges, set to rise by an average of 5 per cent above the level of inflation each year for the next 10 years, could

There have been a series of fierce battles in the past between the UK Government and the European Commission over the scale of the improve-ments demanded and the timetable for their implementation. This pressure is likely to escalate rather than subside under the crusading EC Environment Commissioner, Mr Carlo Ripa

The 10 privatised companies, which provide sewage as well as clean water services, believe they will have to spend an extra £7ton to implement the EC wastewater proposals, in addition to the £12.2bn ear-

marked for improving sewage treatment systems over the next 10 years. This contrasts with only £4m spent over the last decade.

In England and Wales, was-

water from about 83 per cent of the population is treated at inland sewage works, com-pared with only 45 per cent in

incinerated.
The decision of Mr Chris Pat-

ten, Environment Secretary, earlier this year to end the

charge via pipeline of raw sew-age into the sea "as soon as practicable," means that alter-native methods of disposal will

The Government and the

water companies fought a spir-ited rearguard action against

The Commission has been receptive to pressure from the environment lobby, and the indications are that its demands have some way to go

the Community as a whole. About 17 per cent is disposed of at sea, of which more than a quarter receives full marine treatment, being fine-screened prior to disposal through properly designed and located long sea outfalls.

Because of the high load

cent is used on agricultural land, 24.3 per cent is dumped at set. 17.1 per cent is used for landford, and 5.6 per cent is uncertain value environmen However, they finally felt obliged to acquiesce on politi-cal grounds, as Britain is the only country still dumping

sewage sludge at sea.
The concessions were made to counter the country's often unfair image as the dirty man of Europe, and to put moral pressure on other EC countries which pollute the North Sea to

a much greater extent.

The British argument has been that proper disposal by dumping or via carefully-sited long sea outfalls can be the ideal solution to a tricky problem. Wave action, sunlight and the salinity of the sea can readily absorb and sanitise the basic materials and the bacteria and viruses that flourish

sea is to make more use of other methods, but this presents problems.

The scope for a significant increase in landfill is limited



dumping at sea by 1998

because of the acute shortage of suitable sites, use in agriculture is reaching saturation point and there are worries about chemical content in the sludge, and an increase in the

munity's environment policy.

sis in Brussels tended to be on

preserving and recycling pre-

While the idea of weste an a

valuable secondary resource remains important for the EC,

is considered an equally press-

Solutions are urgently

needed in view of the approaching single European market. Only West Germany ships ordinary domestic waste across frontiers for disposal — into France and the German

Democratic Republic - but

cross border trade in the hazardone variety is more signifi-cent as a proportion of total

production, and is likely to

The EC is therefore audious to banish the spectre of large quantities of waste moving

freely across frontiers in search of the chespest and

EC directives require mem-ber states to designate compe-

of managing the disposal of the

more than 2bn tonnes of rub-bish which the Community

generates each year. (Of this more than 30m tonnes is dan-

gerous, and about 80 per cent can be re-used in one way or another). Where treatment

plants are concerned EC rules

set the minimum conditions for the functioning of munici-

The Commission's Waste

Disposal strategy document — SEC (89) 934 final — which sets

SEC (89) 934 final — which sets out Brussels broad thinking — was adopted by the member states this year and was followed up with agreement in June on the waste framework directive setting out among a clearer definition of waste.

One of the more controver-sial issues is the Commission's

attachment to the "proximity" principle – the idea that as far as possible waste should be discovered of in the resource of the control of th

posed of in the nearest suitable

posed of in the nearest suitable centre regardless of national frontiers. While sympathising with the needs of smaller countries ill equipped to deal with some demands, some larger member states, notably the UK, continue to insist that those national authorities who

commission and build disposal plants should aim at national self sufficiency. This compro-mise was reflected in the June decision.

Among the most keenly watched developments is the draft Commission directive concerning civil liability for

damage caused by waste. The guts of this complex proposal is that the producer of waste should be liable until such time as the waste has been given to an authorised or

pal waste incinerators.

least regulated outlets.

become more so.

teni avithoriti

ing concern.

cious raw material supplies.

essarily an improvement envi-ronmentally or on cost

grounds.
The water companies are deeply sceptical about the phasing out of untreated discharge of sewage via properly designed long sea outfalls. The draft directive calls for at least primary treatment and in many situations secondary treatment, and both will require large construction schemes and the siting of

works near coasts.

In some cases, apart from the cost, this will not be a big the cost, this will not be a big problem. South West Water, for example, where 30 per cent of shidge is dumped at sea, is developing a strategy to build 28 shidge centres throughout the region, and to set axide land for primary or secondary treatment at sea outfalls. This is not so easy in other

This is not so easy in other areas, such as North West Water, where there is not the land available for development near long sea outfalls. North

**EC INITIATIVES** 

West estimates that the waste-water directive will cost it a

water directive will cost it a further £100m on top of the £200m it has committed to cleaning up bathing waters throughout the region over the next five years.

Other companies with long coastlines and which utilize sea disposal methods, include Welsh Water, Yorkshire and Southern. Thames Water, the largest company, although it largest company, although it has few designated bathing beaches, disposes of all the sludge produced at Beckion in East London, the largest sew. age plant in the world, via dumping in the North Sea, and new disposal methods will

have to be found at some cost. The primary or secondary treatment of sewage before it enters the sea outfall pipe is likely to benefit many of Britain's 400 designated beaches, 76 per cent of which currently comply with EC reg-

ulations.

The difficulty for the companies — and ultimately for the consumer — is that matters are unlikely to stop there. The Commission has shown itself to be receptive to pres-sure from the highly effective environment lobby, and all the indications are that its demands still have some way

Karen Zagor reviews the growing list of regulations in the US

# Waste disposal is a business issue Search for solutions



McDonald's has cut back on rate by using lighter straws and thinner polystyrene in its packaging and placing a

JUDGING by the fanfare surrounding Earth Day 1990 and the amount of space devoted to the environment in the US media, the greening of

America is under way.
But, in spite of the environment's topicality, the enormous amount of rubbish and toxic chemicals produced in the US shows no sign of dwind-ling, and the nation seems no nearer to solving its waste dis-

On the federal level, measures to regulate waste dis-posal have taken a back sest this year to the more immediare tasks of passing legislation to cope with oil spills and the quality of the air.

However, enforcement of existing legislation is being taken more seriously by the Bush administration than under Mr Ronald Reagan, and big business is paying atten-tion. Criminal prosecutions for indictments and convictions for violating federal laws nearly doubled in 1989 and the amount of criminal fines levied last year jumped about 80 per cent to \$13m, albeit a meagre amount of money in corporate

Cleaning-up waste is seen as

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lenge facing business at this year's World Economic Forum. It is estimated that the cost of cleaning up past pollution is

\$150hn. As a result, a growing num-ber of companies are taking their own waste-control initiatives in the hope of pre-empt-ing the possibility of more stringent regulations. Navistar, for example, will spend \$11m to install above-

ground storage units at two plants to avoid possible leaks from underground storage tanks. Union Carbide saved about \$8.5m in disposal costs and made \$8.5m in income in the first half of last year by recycling, reclaiming and sell-ing 82m like of waste.

Kodak plans to recycle its

disposable cameras, among other measures. Procter & Gemble has stopped using inks which have heavy metals. The company has started redesigning its packaging to be less wasteful. Crisco oil bottles now use 28 per cent less plastic, and the company plans to use recycled milk, water and soft-drink bottles in some of its packag-

McDonald's has cut back on waste by using lighter straws

strategic plan, and enables them to take advantage of opportunities today, rather

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ever, the company is still one of the biggest waste-producers in the US.

While any measures by compenies to reduce their waste are generally applauded they are seen by some environmentalists as being little more than a public relations exercise.

Part of the problem is that there is still no single solution

to the waste crisis and most of the existing methods of disposal have inherent risks. "There are only three places to put waste," said Mr Peter Block, a spokesman for Browning Ferris, the second biggest US waste disposal company. We can burn, landfill or recycle. We can also reduce the

amount of waste we produce."

The difficulty of complying with the ever-changing regulations governing hazardons waste disposal pushed Brow-ning Ferris out of that business in April. "We had been losing money on hazardous waste for about 1% years," said Mr

According to Mr Block, about 96 per cent of hexardous waste is handled on site by the producing companies with 4 per cent handled by commer-cial companies.

ness issue. The environment packaging and placing a larger going to find it difficult to

operate because of the pressure to ban land disposal," said Mr Block. "We came out of the old school of land disposal, because that's what had been

The company's landfill at Last Chance, Colorado, is the only new landfill constructed in the US since 1976. Browning Ferris plans to sell it as part of its hazardous waste assets

which are on the block.

It is expected that 70 per cent of the nation's landfills will be full within 15 years, so Du Pont and Waste Manage ment have a joint venture which will recycle 80m lbs of plastic this year and 200m lbs

by 1994. Chemical Waste Management, a subsidiary of Waste Management and the biggest US commercial disposer of hazardous waste, has been making large profits from the business in spite of the difficult operatcompany had revenues of \$892m, compared with \$4.5hn for Waste Management as a

"We have staff in charge of environmental compliance in order to stay on top of regulations," the company said. "We also have a Washington DC ch 18 in close contac with the Environmental Pro-

with the Environmental Pro-tection Agency and Capitol Hill on evolving legislation."

We take an active role in commenting as legislation is being drafted so that when reg-ulations are close we are ready. It is very challenging and diffi-cult to assistate computators." cult to maintain compliance."

The company holds regular aeminars for its customers to help them keep abreast of the latest legislative developments. The company's approach to waste management takes a variety of forms, including incineration, recycling, chemi-cal treatment, landfills and

deep wells. In terms of domestic waste isposal the World Trade Cendisposal the World Trade Center, New York's tallest building, has just started a recycling programme that will recover 22.5 tonnes of paper a day. And the American Paper Institute expects about 40 per cent of all paper produced in 1995 will be recycled, compared with 20 per cent in 1988.

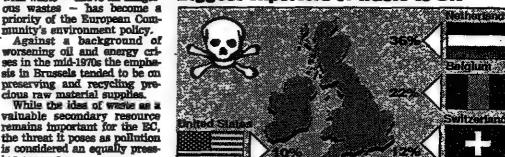
In an effort to compensate

In an effort to compensate for dwindling landfill space, New York city now has a mandatory recycling programme, where a growing number of households separate newspa-pers, metal and glass.

The programmer's goal is to recycle at least 25 per cent of the city's rubbish by April 1994. The first target — to recycle 700 tonnes of rubbish a day che 700 traines of robush a day

has been met. However, the
programme may run into trouble as it tries to expand beyond
the city's more affinent neighbourhoods into areas where
growing problems with crime
and drugs seem more pressing
than coping with the rubbish
on the streets.

Biggest exporters of waste to UK with waste - above all danger-ous wastes - has become a priority of the European Com-



licensed disposer. Criticism of the directive — which is still being considered by the Euro-pean Parliament and has not yet reached the Council of Ministers - has been directed

isters — has been directed from different sides.

The European Federation of Waste Management (FEAD) — which groups together private sector companies handling the collection, transfer, transport and processing of waste in EC countries — claims it "introduces concents which are duces concepts which are either new or imprecise, confuses concepts of public and private law, arbitrarily shifts the burden of producing evidence, and runs counter to agreements presented by the United Nations and the Coun-

cil of Europe."
FEAD maintains that prooncers and transporters could be held respondible for damage or "injury to the environment" which is not of their making, and that there is a real risk of distortion between public and private operators because of current definitions.

current definitions.

The European Parliament, meanwhile, in the form of a report from its legal affairs committee, has been trying to extend the scope of the civil liability proposal to cover nuclear waste (expressly excluded at the moment). There is also pressure to have compulsory insurance against liability and to establish the right of pressure groups to bring class actions.

The Commission insists that it will not accept any of the

it will not accept any of the Parliament's main amendments but some small changes may be made in negotiations between the two institutions

Mr Leonard Hawkes, a Brus-sels-based lawyer with S.J. Ber-

win, believes that the UK Gov-ernment will have particular difficulties swallowing the pro-posal as it stands. He makes the point that the UK's Environnent Bill going through the House of Lords, imposes a "duty of care" not only on those who produce waste but on those who handle it at each

stage of the disposal chain.

"The EC proposal comes from a totally different starting point," he observes.

There is little indication that the Italian presidency of the EC is anxious to get to grips with these complex issues so the real debete will probably be but off to next up somer for final decision is the landfill directive, which will prohibit the dumping of liquid waste in landfill sites

and require operators effectively to surround sites with what amounts to a plantic bar. On individual products EC On individual products EU member states agreed outline measures in June designed to make batturies and articular to the lish rules for their safe disposal. Starting from 1993 all batteries will have to be marked with disposal instructions and any recycling details, while a maximum mercury while a maximum mercury content for long-life batteries was established (0.025 per cent by weight) which will also take

effect by 1998.

The Commission is drawing up proposed new rules for plastics, used tyres, halogenated

hydrocarbons, and (possibly) beverage containers.

Brussels' plans for transist-ing the Basle Convention for keeping track of cross border movements of hazardous waste are eagerly awaited.

Tim Dickson.

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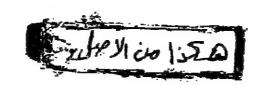
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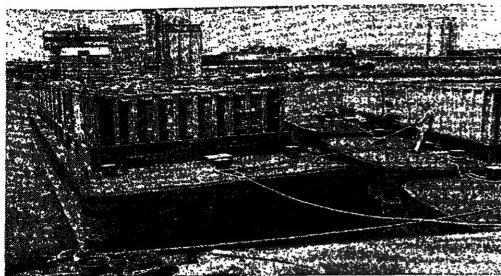
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# **Tougher measures** for illegal disposal

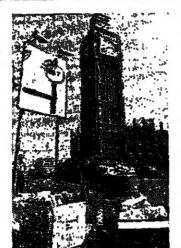


A new chapter in the often controversial history of the UK waste management industry will be opened later this year, once the Environmental Protection Bill completes its tortu-ous passage through Parlia-ment and finds its way on to the statute book.

Two quite novel set of mea-sures relating to waste management are contained in the bill. First, it imposes on pro-ducers and importers of waste a new "duty of care." Heavy fines can be levied on anyone illegally disposing or treating waste; releasing waste way to the environment; or passing waste to anyone not authorised

Until now, controls have concentrated on the disposal of waste, according to Mr Frank Argent, director general of the National Association of Waste Contractors (NAWDC). "From now on, we're going to have controls from the time it's produced until it's disposed of. The controls won't even end there. They will continue after the waste is in the ground," Mr

The new law's second main departure will be to force a separation between local authorities' waste regulatory activities and their waste disposal businesses. Councils will be obliged to create arms' length waste disposal compa-nies which will have to compete for contracts with the pri-vate sector - much on the model of competitive tendering



in other areas of local govern-

ment activity. This reform of local government's waste management is welcomed by the private sector industry, represented by NAWDC. "If someone is regula-ting a business, he shouldn't be in the business himself. Who regulates his business?" says Mr Argent. Mr Argent believes that the

authorities to price their waste disposal business on a commercial basis will force a restructuring of their activities, which NAWDC reckons are worth about £30m a year in turnover. Some local authorities will drop out of waste disposal altogether, handing over either to other councils or to the

raste loading in Wandswort e with the orivate ed by privat regulation help to prevent large build ups of litter?

private sector, Mr Argent says.
The established companies represented by the association are equally in favour of the "duty of care" provisions in the bill. That is because tougher regulations – echoed in similar measures throughout Europe - are expected to have two main consequences. First, they will encourage increasing numbers of waste producers to call in specialist waste management companies, thereby helping to generate extra business for the industry. Second, tougher law will also

increase costs in the industry by setting ever higher stan-dards. Developmental presdards. Developmental pres-sures which are reducing the availability of waste dump sites reinforce these cost pres-sures: Browning Ferris Indus-tries, the US-based company which is increasing its pres-gree in Funna recently hed to ence in Europe, recently had to pay about £40m for a site near The combined result offers

the best of all possible worlds

to the larger, established play-

for dealing with the specialist an barrier to newcomers and an incentive to quit for the waste produced by its

Mr Clive Thompson, smaller, weaker companies already in the sector. At the same time, the amount of busivice-president of the European chemicals business of Arco, the US oil company, recently ques-tioned whether the local ness available for the dwindling number of companies in the sector will rise sharply. Mr David Owen, a London-based analyst at Paribas, recently authorities have sufficient expertise to handle their waste regulatory and pollution con-trol functions. "Local authoriestimated that the cost of dis-posing of solid waste in West-ern Europe will double to ties are going to have to become an awfully lot more 132bn by the end of the 1990s. Small wonder that most industry observers are predict-ing a large industry shakeout ronmental matters," said Mr Thompson, speaking as chairin the highly fragmented UK industry. It is likely to be accompanied by a wave of acquisitions, similar to those force established by the Chemi-cal industries Association.

provides the right framework

The association called for one central pollution body in its submission to the Governthat swept through the US industry in the 1970s when standards were raised there. ment in advance of the environment white paper. This This is not to say that indus ody would take over the functry is wholly euphoric about the contents of the Environtions not just of the local authorities, but also of the Pollution Inspectorate and the National Rivers Authority. The chemicals industry has mental Protection Bill. The chemicals industry has raised doubts about whether the bill

gone further to the adoption by waste management policy which would include: · recognition of the need for more waste incinerators

easing of the difficulties and delays in obtaining planning

and a coherent policy on waste imports and exports. The waste management industry shares some of these concerns. NAWDC doubts whether every local authority will be able to handle the bur-dens of regulating the increas-

ingly complex waste industry.

permission for new waste man-

ment facilities

"Some little district council in south Wales won't have the expertise," says Mr Argent. Indeed, NAWDC has similar concerns about the Department of the Environment. Mr Argent points out that five sets of separate regulations will be needed to bring the waste management regime of the Envi-ronmental Protection Bill into effect and says: "Our biggest worry is that there aren't enough experts in the Depart-ment of the Environment to draw up the regulations. We wonder when the Bill is actually going to be implemented." reover, the waste manage

ment industry wants the Government to announce further measures still in its long awaited environment white paper. Encouragement – possi-bly through tax incentives similar to those given to unleaded petrol - for recycled products and for the generation of energy from waste are high up the industry's list of priorities.

RECYCLING

# UK lags behind its European partners

THAT WEEKLY trip to the bottle or can bank may make but British recycling efforts are only scratching the surface of the waste tip. Compared to continental Europe we throw much more of our rubbish into holes in the ground and until recently have been doing it far more cheaply.

As cities such as London

and as measures in the Environment Protection bill, due to become law this year, begin to tighten standards, the days of cheap disposal are coming to

Coupled with growing concern for the environment, higher costs are giving a long overdue lift to interest in the business of recycling our waste. Nevertheless, it will be a long haul to reach the goal set by Mr Chris Patten, the Environment Secretary, that half domestic recyclable waste should be recycled by the turn

of the century.

At the moment, the UK throws 90 per cent of its waste into infill sites. This compares to 20 per cent in Switzerland,

A Community directive on drinks packaging is under discussion

30 per cent in Japan and Denmark and the worst continental European record of 65 per cent in West Germany. The crucial step before the UK starts to approach conti-nental levels of recycling is

not, however, that of persuading the public to co-operate.
In 1989 the public's response to calls for old newspapers was so great that the market price collapsed and merchants are

still sitting on large stockpiles. The real challenge is to ensure there is a market for recycled products so that man-ufacturers will want the refuse so assiduosly separated by the public. While the new environ-ment hill includes measures to encourage recycling the Gov-ernment has taken few steps to increase demand for recycled

With the exception of aluminium drinks cans, where there has been a sharp increase in recycling in the last two years, the slow recycling rates of other household refuse such as glass, paper and pack-aging materials makes Mr Patten's goal look rather distant.

Although the rate of glass recycling has risen to about 20 per cent, excluding milk bot-ties, according to British Glass, the federation of glass-makers, some experts suspect any higher level of recovery could stretch the manufacturers ability to handle the recycled

material In the case of low grade waste paper, the price tumbled to 25 a tonne in spite of the industry using a record 2.5m tonnes in 1989. The story is not the same all across the board. Demand remains much firmer for waste writing paper, which now fetches around \$40 a tonne, while waste computer paper can command double that.

However, recyclers and collectors remain wary. "In 1979 recyclers said there was not enough volume to justify investment; and collectors of paper were saying there were not enough end users to justify their efforts," says Mr Geoffrey Levy, the vice chairman of the European Recovery and Recycling Association set up by 20 mostly multinational

The clear recycling success story is the aluminium drinks can. British Alcan's remelt facility in Warrington, the only one in the UK to produce drinks can sheet, handled 200 tonnes of used beverage cans (UBCs) in 1969 but by August this year has handled 700 tonnes following the national launch of a collection cam-

Mayer Leeman car shredder at Tilbury

gn by the Aluminium Can about 10 per cent, the UK's aluminium can recycling rate is significantly below the

European average of 16 per cent and far short of the 61 per cent level achieved in the US. The Aluminium Company America's decision to build its own remelt plant in Swansea supports the case that the economics of aluminium can recycling works.

Smelting used cans saves 95 per cent of the energy needed to make aluminium from the raw material bauxits, where no such obvious economic incentives exist for recycling most

other products.
Undoubtedly, the most important new factor in the recycling industry will be the Environmental Protection Law. By raising standards at the diminishing numbers of viable inful sites the law will raise the economic value of waste by raising the cost of its disposal. Where infill sites cost about £3 a tonne four years ago it can now cost £15 and that is before transportation costs from cities such as London.

The new law will introduce a system of incentives for local authorities to encourage rubbish not to get into the waste stream in the first place. County councils, which have responsibility for disposal, will pay a rebate on their charge to local authorities if the latter successfully set up recycling rubbish into the waste stream.

Companies such as Procter and Gambie and Dow Chemical have set up pilot schemes to try to isolate plastics and collect it for recycling before it reaches the waste stream. And the City of Sheffield has set up a pilot recycling scheme with independent collection of different refuse.

It is early days but none of these schemes appear to be making commercial sense yet. Demand for recycled goods may be proving clusive. But there are those who look back to before county councils took over responsibility for waste disposal in 1974 and hope incineration might have make a comeback coupled with produc

tion of energy from waste.

In Denmark, it is not uncomfrom the energy produced from waste incineration, a technique Riffa, the UK waste manage-ment group, has just intro-duced on a small scale in Staf-

Mr Mark Aldridge, Biffa's managing director, estimates a break even point from this form of recycling at £30 a

This is still substantially above disposal costs but nei-ther significantly more than what some West Germans pay for disposal nor what costs could rise to in the UK as infill becomes more scarce.

Where there is concern among some UK consumer

Higher costs are giving a lift to interest in recycling waste

industries, in particular the packaging industry which produces 30 per cent of all domestic rubbish, is that continental legislation might cross over the Champe

In West Germany, for example, a company must sell a legally mandated amount of its soft drinks in returnable bot-ties and plastic bottle banks must be provided.

Restrictions are tighter in Denmark and are also being

So far, Westminster has not taken this route. But it was fear of such legislation that lay behind the launch of ERRA and there is a general aware-ness that a European Community directive on drinks packaging is under discussion.

Packagers are particularly concerned by West German developments, where in a duest to cut the amount bish produced, a decree allows shoppers to remove any excess packaging and leave it in the

As Mr Patten told a meeting of packagers earlier this year, it has led to some interesting conversations between shopkeepers and their suppliers.

Richard Gourlay

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Discarded tyres may provide energy. Clive Cookson reports

# Old rubber gets power drive

The prospects for re-using the tens of millions of old tyres which are discarded every year in the UK and other western countries have improved over the last few months.

STREET STREET

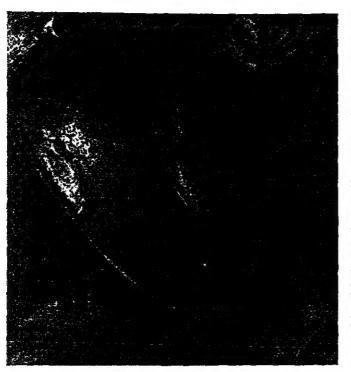
the last few months. In Britain, several companies have put forward proposals for recyling waste tyres to produce fuel and other materials and/or for burning them in tyre-fired power stations. Within a few years we may no longer be looking at tyre dumps as an environmental menace but as a valuable source of energy and chemicals. A single tyre con-tains the equivalent of two gal-

lons of oil – enough to heat a medium-sized house for a day. A large fire early this year at a used tyre storage depot near the farming town of Hagersville in Ontario, Canada, drew attention to the pollution hazards of tyre fires started accidentally or by arsonists. The fire burned for two weeks and consumed 12m tyres. Thanks to favourable geology and the firefighters' valiant efforts, an environmental catastrophe was prevented. Even so, the dense black smoke, laden with toxic fumes, forced the evacuation of hundreds of local residents and the ground has been contami-

d with organic chemicals. umpleasant tyre fires, though none has been as dramatic as the Hagersville conflagration. A dump of 10m tyres in a ravine near to Knighton in central Wales caught fire a year ago and, although the fire brigade extinguished the fierce fames, tyres may still be smouldering deep within the tip – polluting the stream that rues down the gully.

Landfill operators are increasingly reluctant to accept used tyres. Quite apart from the risk of fire, tyres are not biodegradable, they do not settle easily on a dump, they take up a great deal of space and the holes between them are a perfect breeding ground are a perfect breeding ground for rats and mosquitoes.

Demand for whole used tyres for example to hold down the plastic sheets covering slags clamps on British farms or to form an artificial reef for fish to breed off the Australian coast — is tiny compared to the number of tyres discarded by the world's motorists.



Landfill operators have been reluctant to take tyres

company based in Uckfield,

Sussex, has developed a similar system for replacing some of the aggregate used for resurfa-cing roads with granulated

tyres. The main runways at

Heathrow and Gatwick air-

Worn tyres that are in good condition can be given a new surface and used again as retreads. But retreading has been in decline for several years. It has become less eco-nomic in the face of the falling price (in real terms) of new tyres and the need for more sophisticated and expensive equipment to retread steel-

belted radial tyres.

Another use for old tyres is to shred and grind up the rubr and then incorporate it into products such as floor mats, crash barriers and ice hockey pucks. But proportion of tyres recycled in this way has remained between 4 per cent and 7 per cent for the pest

A more substantial outlet could be to use ground vulcanised rubber as an additive to asphalt. Tests are under way on sections of road in New York state. Experts estimate that about 10,000 tyres, ground into crumbs the size of sand grains, would be required for Fibrescreed, a small British

sophisticated approach to tyre recycling. Its researchers are developing a new chemical technology for combining tyre rubber with other polymers. The tyres are ground to a fine powder and then treated with a mixture of reactive gases such as fluorine. The

gases modify the surface of the rubber, so that it bonds tirmly with a second polymer. The resulting composite material is much stronger than a simple mixture of polymers. The Air Products research is

incusing first on rubber-poly-urchane composites. By vary-ing the ingredients, "an extremely broad range of phys-ical properties can be engi-neered into polyurethanes," save Mr Bernard Bauman, the company's composite products manager. The target markets for these materials include shoe soles, carpet underlay, conveyor belts, car door and window seals, adhesives and sealants, flexible foam and even waterproof liners for gar-

But a lot of work still has to be done to establish the commercial viability of the process. If it is viable, plants with pro-cessing capacities of Im tyres per year and costing about \$5m each would be established near large metropolitan centres. Air Products estimates that up to 50m tyres a year in the US could eventually be recycled through its surface-modifica-

ports were recently repaired with this material. Many experts, however, believe the best use for old tyres is to release their energy by controlled burning. The Air Products and Chemicals of Allentown, Pennsylvania, is pursuing a technically more

world's largest tyre-fired power station has been running for two years next to the world's biggest used-tyre dump near Modesto, California. The plant burns 45m tyres a year and generates 15MW of electricity, enough to meet the needs of 14,000 homes. And useful steel, zinc and gypsum are extracted from the ash.

Oxford Energy, the plant's owner, is building a second tyre-burning power station in Sterling, Connecticut, with an input of 10m tyres per year and an electrical output of 30MW. The company plans to build six to eight similar plants in the US by 1985. But even they would consume only one third of tyres discarded by

Americans every year.

Several proposals have been made this year to build tyre burning and/or recycling plants in the UK. They include: • Elm Energy and Recycling, based in Connecticut in the US, put forward a 256m scheme for a 20MW power station in Wolverhampton, which would burn half the 25m tyres scrapped every year in Britain. Energeco, a subsidiary of Italy's Marangoni industrial group, proposed two smaller schemes — a 5MW heat and power plant at a tyre remoulding works near Durham (15m) and a tyre recycling plant at Grantham, Lincolnshire (12m).

• Miran Investment Corporation (MIC), based in Houston, Texas, wants to build a plant in Sheffield to transform 12m tyres a year into scrap steel and a solid fuel called TDF (Tyre Derived Fuel).

Although an uncontrolled tyre fire emits billows of black smoke and numerous foulsmelling and toxic substances proponents of tyre-fired power stations say that emission control systems can prevent soot and pollutant gases reaching

## CONTAMINATED LAND

## New role for councils

CONTAMINATED land is an environmental issue of growing concern, with at least 27,000 hectares of derelict land in the UK which can be

classified as potentially contaminated.

In response to growing anxiety about the safety of landfill sites that contain toxic or other hazardous waste, the Government intends to bring in proposals to require local authorities to compile and maintain registers of potentially contaminated land uses.

Concern about contaminated land was expressed forcibly by the Commons select committee on the environment in a report in January which contained 29 recommendations for contaminated land. These ranged from a system of statutory quality objectives and clean-up standards, local registers, planning guidance, clean-up techniques, government grant support and organisation of the work on contaminated land by the Department of the Environment.

The government proposals for registers to be held by local authorities were announced in April, three months ahead of the department's full response to the Commons' committee report, but the proposal was in line with a recommendation of the committee.

recommendation of the committee.

It was during discussion of the Environment Protection Bill in the spring that Mr David Trippier, Minister of State for the Environment said the registers would identify sites of potential contamination, based on past land use.

contamination, based on past land use.

"In this way, they will provide a means of alerting interested parties to the potential for contamination so that, more detailed site surveys can be undertaken," he said. However, the Government was concerned about the possibility of extending planning blight in those parts of the country with a legacy of industrial land use, such as the midlands and the north.

Proviously the country for finding out details of

Previously the onus for finding out details of any contamination has rested with potential purchasers of land, because there has been no single source of information on contaminated land. The new registers will indicate only where a potential for contamination exists. A first step towards full implementation of the registers will be a report of a pilot survey in Cheshire, in north-west England, which has developed a pos-sible methodology for these registers.

The government's full response to the environment committee's attack on the issue of contaminated land highlighted the need for better taminated land highlighted the need for better public information, the development of a range of quality assessment criteria where clean-up efforts could be directed and the need for action to review levels of central government grants to assist demonstration and clean-up programmes.

The department said that "what is needed is some yardstick for measuring hazards to public health or the environment so that the significance of contamination can be assessed."

The control of contaminated land has other difficulties, partly because the significance of contamination must depend upon the location of the site and the actual or potential land use involved. The UK has 7,000 licensed waste disposal sites, radioactive waste sites, mineral

posal sites, radioactive waste sites, mineral workings and acres of derelict land - "land so

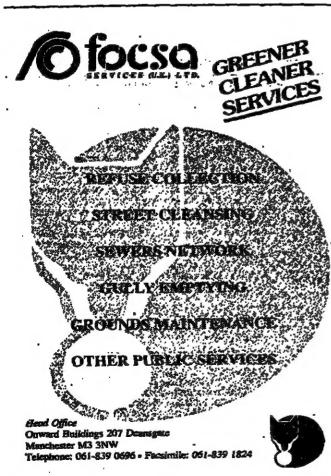
workings and acres of derelict land — "land so damaged by industrial or other development that it is incapable of beneficial use without treatment," the report says.

To clean contaminated land, the department agreed with the committee that there was a need to consider new clean-up technologies and to assess their effectiveness over time in dealing with difficult sites. The UK has expertise in micro-biological decontamination, in contrast with the US and other parts of western Europe where there is more expertise in the application of technologies using chemical, physical and thermal methods of treatment. The government said it was considering possibilities for a suitsaid it was considering possibilities for a suit-able assessment programme over the next three years relating to the handling, separation and treatment technologies most likely to be suitable and appropriate to UK conditions.

'The government endorsed the committee's view that it is the responsibility of polluters to restore land or to ensure that clean-up takes place. The bill includes measures to enforce these principles that the polluter pays. The bill includes a proposed duty on waste regulation authorities to monitor and inspect closed landfill sites, powers to take appropriate remedial action and to recover costs, as appropriate from the owner of the land.

Lynton Mclain

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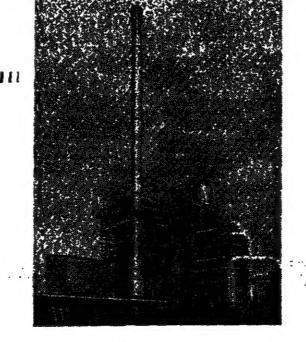
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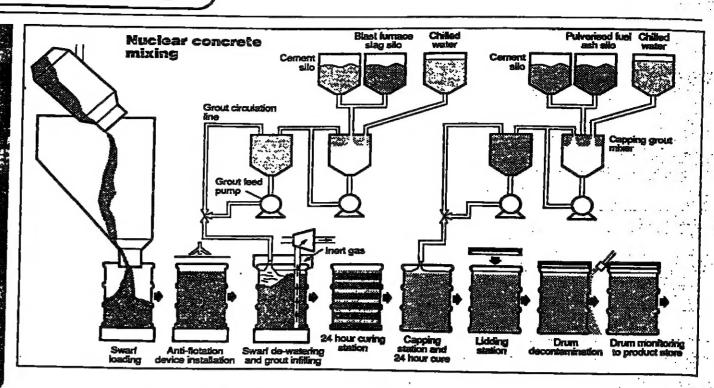
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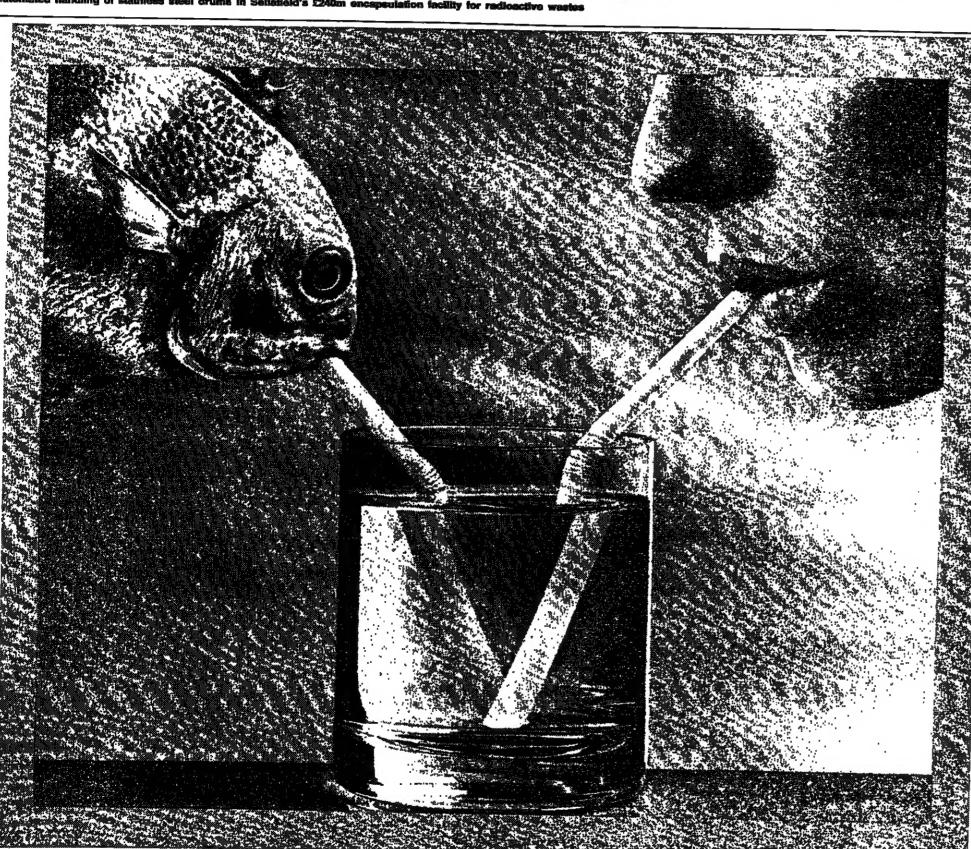
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David Fishlock looks at radioactive waste

# Government keeps its disposal options open



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Better things for better living



A DECISION on where Britain will bury radioactive wastes from the nuclear industry, defence, medical and many other activities has not yet been taken. Until it is, the Government is refusing to close

using.

But other parts of the sequence of processes that must proceed burial are well advanced, and radioactive wastes of all kinds are now being "conditioned" or packaged for storage, until their final resting place is ready. process technology

At the Sellafield factory of British Nuclear Fuels in Com-British Nuclear Fuels in Cumbria two plants for packaging radwastes, each costing about £240m, have been commissioned this summer. One is a vitrification plant which takes the highly radioactive acid effluent from the reprocessing of spent nuclear fuels, and chemically converts it into boroalicate glass ingots sealed in stainless steel cylinders.

The Windscale vitrification plant, designed by BNFL and built by British and French engineering companies, has

engineering companies, has begun to solidify some of the earliest, and coolest, of about 4,000 tonnes (1,300 cubic metres) of reprocessing effluent in store at the site. This waste has been accumulating for about 40 years.

for about 40 years.

To ensure that the plant will run trouble-free, it was disman-tied twice by its own built-in robots during many months of inactive trials, before any inactive trials, before any radioactive effluent was introduced. When a component needs to be replaced, the radioactive scrap is cut up by the robots to a size where it can be sealed into a stainless steel cylinder along with the elec-

robots to a size where it can be sealed into a stainless steel cylinder along with the glass, before leaving the plant. The calciner which converts liquor to glass has a seven-stage cleaning cycle to catch any radioactive emissions.

The 400kg glass ingots are being transferred to a new vault intended to store them for at least 50 years, using natural convection to remove the heat of the initially intense radioactivity. Over this storage period the ingots will cool, decay, in radioactivity until they no longer give off heat. Then, by definition, they will have become "intermediate-level" radwaste instead of high-level radwaste. This will greatly simplify requirements for final disposal.

Sellafield's second new waste treatment plant, encapsulation plant number one (EPI), deals with intermediate-level wastes. Its commissioning manager Mr Mike Moore calls it "just another concrete-mixing plant." But like the vitrifica-

Mike Moore calls it "just another concrete-mixing plant." But like the vitrification plant it is entirely remotely controlled and maintained by robots. It is designed to condition one particular waste, the magnesium alloy peeled from spent uranium fuel, as used in Britain's first generation of gas-cooled reactors since the late-1940s.

This scrap metal, contami-

This scrap metal, contaminated with plutonium and other highly radioactive fission products, has been stored under water in concrete silos at Sellafield, and is badly corrected.

The scrap and its corresion ncapsulated in concrete led in stain! all the UK's output of interme

e some of its earliest nuclear the Windscale AGR, an experi-

diate-level wastes – from acrapped reactor components

The terminal experiment, funded by the Government and the European Community, is to raze this reactor completely and restore it to a greenfield cite.

Rights - 7

The experience so gained will be directly relevant to nearly all reactors in Britain today, and several overseas. Work has reached the stage of dismantling the reactor core – the most radioactive part once the fuel has been removed.

Two bigger nuclear stations

- Berkeley in Gloucestershire and Hunterston A in Ayreshire, each with two reactors - have been shut down and are in process of having their fuel removed for reprocessing at Sellafield.

at Sellafield.

This first stage of decommissioning takes four years or more, and reduces the plant's inventory of radioactivity by a factor of about 10,000. No timetable has been announced for the second stage of decommissioning — dismantling the non-nuclear parts of the stations.

Nuclear Electric, the stations.

Nuclear Electric, the stations on the nuclear stations in England and Wales, is studying options for further dismantling.

The accompanying table

for further dismantling.

The accompanying table gives its latest estimates of the cost of dismantling a typical Magnox (first-generation) nuclear station with two reactors. One option — a perfectly safe one — for reducing this total substantially would be to leave the cores inside their concrete shields and "land-scape" them into man-made hillocks. It should expose people to much less radiation than dismantling.

The world is operating nearly 600 commercial and research reactors, even the latest of which are likely to be taken out of service within 40 years.

est of which are likely to be taken out of service within 40 years.

The UK nuclear industry believes it is accumulating expertise and experience second-to-none in dismantling and disposing of radioactive plant, which will be needed worldwide in the coming decades.

BNFL and ARA Technology, commercial arm of the UK Atomic Energy Authority, have a joint venture in decommissioning nuclear plant, and they plan another in the treatment of radioactive waste. BNFL has set up a US subsidiary, based in Washington DC, which is seeking joint ventures with US engineering groups.

Its prime target is an estimated £15bn of high-priority work required for the US Department of Energy to clean up state-owned facilities used in developing and making the US nuclear weapon armoury.

